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WORLD NEWS

Argentine and UK ties may improve

The resumption of full diplomatic relations between Britain and Argentina drew closer yesterday.

The Government said it is willing to upgrade Argentina's diplomatic presence in London and establish contact at consular level.

Argentina repeated its willingness to allow direct contacts between British diplomats in Buenos Aires and the Foreign and Commonwealth Office in London. Page 2

Murray on pay and jobs

TUC general secretary Len Murray said there must be a trade-off between employment and wages if more jobs are to be created. Back Page

Protest at Duke's visit

Ireland formally protested to Britain over the visit by the Duke of Edinburgh to an Ulster army barracks. Page 4

Lebanese army win

The Lebanese army regained three key positions from Shia militiamen in the Chouf mountains. Page 2

'Return to nuclear talks'

Mrs Thatcher, in Budapest, called for the Soviet Union to return to nuclear arms talks with the U.S. Page 2

Kinnock makes poll plea

Labour leader Neil Kinnock called on his party for an all-out campaign in May's local elections. Page 3

China invites Russian

China invited top-ranking Soviet official Ivan Arkhipov to visit Peking after President Reagan's visit in April. Page 2

Milk price to rise 1p

The maximum retail price of milk will go up 1p to 22p a pint on June 3. Page 4

Shuttle lifts off

The space shuttle Challenger lifted off from Cape Canaveral carrying two astronauts who will be the first to fly in space without a lifeline.

Blood substitute

Japanese companies have developed artificial blood which they say can be stored longer than natural blood.

Olympic pullout

Denmark withdrew from the Winter Olympics at Sarajevo next Wednesday, giving no reason.

8.5m in Moscow

The population of Moscow reached 8.5m a week after moves were announced to stop the influx of people.

Meteoric find

U.S. scientists in Antartica found meteorite fragments they believe are 4.6bn years old.

Top of the pops

Britain edged out the U.S. as the leading importer of champagne last year with 10,021,164 bottles, a 29 per cent increase.

Caught on the hop

Australia's gastric brooding frogs, which give birth through their mouths, have reappeared in Queensland after vanishing five years ago.

BUSINESS SUMMARY

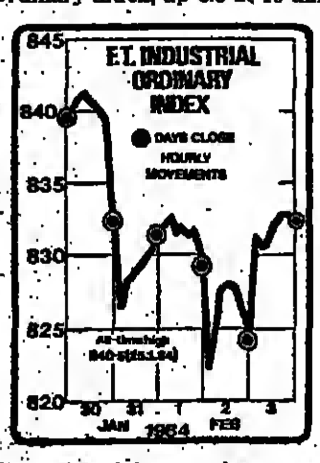
Government announces £1bn tap

GOVERNMENT pushed forward its aggressive funding campaign with the issue of £1bn of 1998 tap stock, the first in the medium-to-long end of the market since October 1981.

The 9¾ per cent Exchequer stock is to be sold by tender with a minimum price of £94.5, which would yield 10.51 per cent. Back Page; Stock Market report, Page 24

FRANCE signed a five-year economic and industrial co-operation agreement with the Soviet Union, which is expected to lift Soviet orders for French goods to FFr 10bn (£832m) this year.

EQUITIES regained confidence on Wall Street's late overnight rally. The FT Industrial Ordinary index, up 6.9 at 10 am,



closed 8.3 higher on the day at 832.4. The index was 7.1 down on the week, its first weekly fall since mid-October. Page 24

STERLING gained 55 points to $1.428 as the dollar continued to weaken against major currencies, reaching its lowest levels this year. The dollar's trade-weighted index fell to 130.3 (130.4). Page 21

NEI Nuclear Systems at Gateshead, Tyne and Wear, intends to axe 688 jobs, more than a quarter of the division's workforce. Page 3

ARTHUR BELL, scotch whisky distiller, received Takeover Panel clearance for its £27m bid for Gleneagles, the Scottish hotels group. Page 18

BRITISH AIRWAYS failed to block a move to take pre-trial evidence from its U.S. general manager over Laker Airways' $1bn (£700m) anti-trust damages claim in the U.S. Page 4

NORTH SEA: There were 21 significant oil and gas discoveries in the North Sea last year, Minister of State for Energy Alick Buchanan-Smith, said. Page 4

BROKEN HILL Proprietary, Australian resources and steel group, boosted net profit by 111 per cent to A$285.9m (£185.7m) in the six months to November 30. Page 23

AMAX, U.S. diversified resource group, reported a 1983 loss of $489m (£343.8m), against $390.1m previously. Phelps Dodge, U.S. copper producer, suffered a 1983 loss of £63.5m, against $74.3m. Page 23; Mining, Page 13

COMALCO, Australian integrated aluminium producer, reported an unaudited consolidated net profit of A$26.37m (£17.1m) last year, against an adjusted A$5m profit previously.

R-R in partnership with General Electric

BY LYNTON McLAIN IN LONDON AND PAUL TAYLOR IN NEW YORK

ROLLS-ROYCE, the state-owned aero engine maker, and General Electric of the U.S. are to become risk- and revenue-sharing partners in the development and manufacture of two high-power aircraft engines, one from each company.

The partnership is the latest in a series among the world's leading aero engine manufacturers to counter rising development costs and to open markets to give higher sales and production volumes.

The partnership was a "watershed" for Rolls-Royce in the development of big engines, Sir William Duncan, chairman, said in London yesterday. "I see it as a very important policy decision."

The agreement is expected to strengthen Rolls-Royce's market position and to increase the workload for the 19,000 Rolls-Royce workers engaged on civil engine work, about half the company's total workforce.

Without the agreement, reached Thursday, Rolls-Royce might have been forced to withdraw from the market for the most powerful higher thrust engines for the biggest airliners with the largest range, Sir William said.

In New York, Mr Brian Rowe, General Electric's senior vice-president in charge of the company's aircraft engine group, said the agreement with Rolls-Royce was "to help both companies do better by sharing risks."

General Electric emphasised that the agreement was not a joint venture or a consolidation of business, but a "risk sharing and revenue sharing programme whereby we have the sales revenue in accordance with the percentage of the engine to which we contribute." Mr Rowe added: "As such there should not be any U.S. Justice Department anti-trust considerations."

The announcement, made simultaneously in London and New York, coincided with official approval from the Government for Rolls-Royce to take part in the £750m V2500 engine programme, to produce engines for the new generation of 150-seat medium range airliners, as a full risk-sharing partner with Pratt and Whitney of the U.S. and West German, Italian and Japanese companies in an international consortium. Mr Norman Tebbit, the Trade and Industry Secretary gave Rolls-Royce the go-ahead for this project and for the collaboration with

Continued on Back Page

U.S. airline halts orders, Page 3; Feature, Page 16

INTERNATIONAL COLLABORATION IN CIVIL AERO ENGINES

Partners	Engines	Relationship
Rolls-Royce (UK)	RR 535E4 (for medium range narrow-bodied aircraft like Boeing 757 for dense intercity routes)	Reciprocal risk and revenue sharing partnership
GE (U.S.)	*GE CF6-80C2 (for wide-bodied aircraft such as biggest Airbus A300)	
Rolls-Royce Pratt & Whitney (U.S.) Japan Aero Engines MTU (W. Germany) Fiat Aviazione (Italy)	V2500 (for new generation of 150-seat aircraft like Airbus A320)	Risk sharing partnership with full equity participation through International Aero Engines consortium
GE Snecma (France)	CFM56 series (three engines for short to medium range airliners on dense intercity routes. Dash 4 version competes with V2500)	50/50 partnership. Snecma is also risk-sharing sub-contractor on GE CF6-50, lower power version of CF80C2

* In addition, Snecma, Volvo of Sweden, MTU of Germany and Fiat Aviazione of Italy have a total of 20 per cent share of the CF6-80C2 programme.

Howe faces growing criticism

BY MARGARET VAN HATTEM AND IVOR OWEN

THE POLITICAL future of Sir Geoffrey Howe, the Foreign Secretary, has become the subject of widespread reassessment at the end of a week in which his handling of the Cheltenham communications headquarters dispute has come under mounting attack.

Criticism of Sir Geoffrey within the Conservative Party intensified last night as Tory and Labour MPs accused him of more blundering over the decision to ban workers at the headquarters from membership of trade unions.

Even senior Ministers were admitting in private that the Government has badly mishandled the affair, allowing it to grow out of all proportion, while the unions involved have behaved reasonably and responsibly.

Few go so far as Dr David Owen, the Social Democrat leader, who yesterday called for Sir Geoffrey's resignation. Indeed, Mr Neil Kinnock, the Labour leader, said such calls were counter-productive and could only make the situation less flexible and harder to resolve.

Nevertheless, many Conservatives at Westminster believe this week's events have increased the chances, and brought forward the date, of Sir Geoffrey's transfer to the House of Lords to succeed the Lord Chancellor, Lord Hailsham.

In the Commons yesterday, discrepancies in statements made by Sir Geoffrey (on the Thames Television programme TV Eye on Thursday) and an earlier parliamentary answer given by Mr Barney Hayhoe, Treasury Minister of State, over the compensation rights of displaced staff increased the Government's embarrassment.

It emerged that, for the second time this week, 10, Downing Street was left unaware of an important ministerial statement, in this case Mr Hayhoe's answer to a private notice question.

Responding yesterday to an Opposition demand for an explanation, Sir Geoffrey attributed the differences between himself and Mr Hayhoe to the fact that during the course of the programme he had been given a misleading version of what Mr Hayhoe had said.

"The television company has apologised for putting the question in an incorrect way," he said.

But Thames Television yesterday denied this, saying there had "obviously been a misunderstanding. At no time since the transmission of TV eye has any apology been requested from or offered by Thames TV."

Sir Alistair Burnett, who interviewed Sir Geoffrey Howe on the programme, added: "I have not apologised nor do I think an apology was called for. I think the question was reasonably phrased."

Continued on Back Page

Leading jewellers may merge

BY CHARLES BATCHELOR

TWO OF Britain's leading High Street jewellers, H. Samuel and James Walker, may merge. A marriage would create a company with nearly 400 shops and a combined annual turnover of £93m.

Last night, however, there were strong signs that Walker would prove a reluctant bride. Mr Michael Prince, joint managing director, said: "We want to paddle our own canoe. We don't want to be lost inside Samuel or anyone else. We are coming out of the pit and have some good things for our shareholders."

Talks between Samuel and Walker, which is capitalised at £25.4m at last night's closing share price, began earlier this week. They became public because Samuel was required to disclose recent purchases of Walker shares.

Samuel now has a 9.4 per cent holding in the voting shares and a further 2.9 per cent is held by its pension fund. Analysts said the company's purchases may have been prompted by the announcement that Cecil Gee, the men's clothing retailer, last month took a 14 per cent holding in Walker.

Both Samuel and Walker are beginning to recover from the recession which has depressed jewellery sales. Samuel has come through with sharply reduced profits while Walker made losses in 1982 and 1983.

A takeover of Walker would increase Birmingham-based Samuel's presence in the wealthier south and south-east of the country. Its 280 stores are concentrated in the Midlands and the north, in contrast with the south London based Walker's 110 outlets.

Samuel has a large jewellery manufacturing business but supplies only its own stores. Walker does not manufacture but has a wholesaling business supplying independent jewellers.

Background, Page 18, Lex Back Page

Sizewell B component order approved

By A Special Correspondent

PLANS by the Central Electricity Generating Board to place the first order for components for the Sizewell B nuclear power station in Suffolk have received government approval. Sizewell B is still the subject of a public inquiry.

Sir Frank Layfield, the inquiry inspector, will be told of the CEGB's intention when the inquiry restarts on Tuesday. The board will order high-grade steel forgings for the pressure vessel of the station's pressurised water reactor.

The orders, worth about £12m, are being placed with Framatome, the French nuclear design and construction group responsible for the large programme of French PWRs.

Framatome already has a CEGB design contract for the pressure vessel of the 1,150 Mw Sizewell reactor.

The order is likely to be followed by others for further parts with long delivery times. These usually include turbo-generators for a power station.

In giving its approval the Government acknowledged the risk to the CEGB that the project will fail to be passed by the public inquiry and the relevant ministers.

The inquiry started 13 months ago and is thought to be about midway through its work. No decision on the project is expected before the latter half of 1985. The CEGB plans to start work on Sizewell B in 1986.

The Government's view is that orders for long lead time components do not pre-empt the decision but are a matter of commercial judment for the CEGB.

The board's argument is that it has spent more than £100m on preparations for Sizewell B. By delaying orders for such components as pressure vessel forgings, it could add a further £100m to its costs from extra interest charges and loss of revenue.

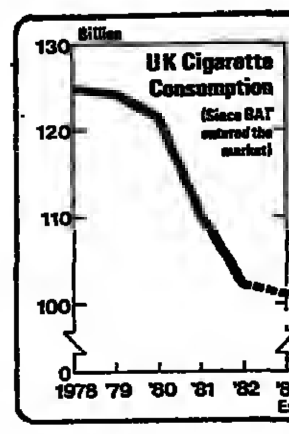
Groups opposing the project claimed yesterday that the orders confirm their suspicions that a government decision in favour of the project is a foregone conclusion.

The French have made the steel forgings for a shore-based PWR for the Royal Navy.

BAT cuts 1,840 cigarette jobs

BY LISA WOOD

NEARLY HALF the 4,000 jobs in BAT Industries' cigarette manufacturing and sales operations in the UK are to be cut in a major restructuring of the business.



A total of 1,840 jobs will be lost in the rationalisation, which includes closing the company's direct sales and distribution operations in the UK.

BAT (UK and Export), part of BAT Industries—the largest tobacco manufacturer in the world—yesterday blamed its action on the rapid decline of the UK cigarette market.

Annual consumption was about 125bn cigarettes a year when BAT started selling its brands in the UK in 1978. It now stands at about 101bn.

BAT, with an estimated 5.5 per cent market share, said yesterday it would continue to sell its three major king size brands — State Express 555, Du Maurier and Ardath — through an independent distributor.

"By this means, it is hoped to achieve a useful, but substantially reduced volume in the UK," the company said. Last year the trading loss on UK cigarette sales was an estimated £8m and over five years BAT has lost £53m in the venture.

Most of the job losses will be at the company's Liverpool factory, which employs 1,600 people. About 460 jobs will go immediately and another 665 will follow over the next 15 months.

During 1984, 125 jobs will be cut at the Southampton plant, and another 325 redundancies will be spread over the next five years.

Closure of the sales and marketing activities is creating 265 redundancies at the Woking head office of BAT (UK and Export).

BAT and union representative are discussing the proposed redundancies. The company said the dismissals, and improved working practices, were essential if efficiency were to be improved and survival of the Liverpool factory secured.

The Liverpool and Southampton factories will concentrate on the strong and profitable export markets, which are taking about 18bn of the 24bn cigarettes made annually in the UK by BAT.

The company has made cigarettes in Britain since the 1900s. It began selling its brands in the UK in 1978 largely because of Britain's entry into the EEC and the change this imposed on the relationship between BAT and Imperial Tobacco.

Before Britain joined the Community the two companies had an agreement under which BAT concentrated on world markets but stayed out of the UK. EEC membership brought an end to this understanding.

BAT was also encouraged to sell its king size brands in Britain because the Government did away with taxation by weight, thus making longer cigarettes more competitive.

BAT saw its move into the UK market as a long-term venture and invested heavily. However, in common with other manufacturers, its sales tumbled after Budget measures in 1981 which increased tax on cigarettes by 17p on a packet of 20.

BAT said yesterday that successive tax rises had been a major factor in the decline in sales, causing manufacturers to respond with increasingly aggressive price cuts.

"In this situation it is impossible for BAT to trade profitably in the UK with its present structure," the company said. It could not envisage a time when it would get a significant return on investment if it continued with its present operation.

Earlier this week Britain's main cigarette manufacturers started a £400,000 advertising campaign as part of a pre-Budget lobby.

Employment in the industry

Continued on Back Page
BAT succumbs to pressure, Page 3; Lex, Back Page

MARKETS

DOLLAR
New York lunchtime
DM 2.73275
FFr 8.4035
SwFr 2.197
Y232.65
London:
DM 2.737 (2.7605)
FFr 8.415 (8.49)
SwFr 2.2 (2.217)
Y 232.75 (233.5)
Trade weighted 130.3 (130.4)
Tokyo close Y233.7

U.S. LUNCHTIME RATES
Fed Funds 9¼%
3-month Treasury Bills: 8.94%
Long Bond: 102¼
yield: 11.7

GOLD
New York: Comex Feb latest $386
London: $384.125 ($382.875)

STERLING
New York lunchtime $1.4325
London: $1.428 (1.4225)
DM 3.91 (3.93)
SwFr 3.145 (3.155)
FFr 12.015 (12.06)
Y 332.5 (332.5)
Trade weighted 82 (82)

LONDON MONEY
3-month interbank: mid rate 9¼% (9¼)
3-month eligible bills: buying rate 8 57/64% (8 57/64)

STOCK INDICES
FT Ind Ord 832.4 (+8.3)
FT-A All Share 500.48 (+0.7%)
FT-A long gilt yield index: High coupon 10.09 (10.14)
New York lunchtime: DJ Ind Av 1,211.89 (—1.99)
Tokyo: Nikei Dow 10,134.13 (—22.16)

Chief price changes yesterday, Back Page

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Thatcher asks USSR to resume arms talks

By David Buchan in Budapest

PRIME MINISTER Margaret Thatcher last night called on the Soviet Union to return to nuclear arms talks with the U.S. Speaking from the Hungarian Parliament in Budapest, it was her first speech in a Soviet Bloc country.

"This is no time for empty chairs in Geneva. This is the time to talk, the time to negotiate, the time to succeed," she said at a dinner hosted by Mr Gyorgy Lazar, the Hungarian Prime Minister.

In four hours of official talks, both sides stated their foreign policy differences, but stressed the importance of dialogue. After a two-hour conversation with Mr Janos Kadar, Hungary's veteran Communist Party leader and effective ruler, Mrs Thatcher said: "We hold different views, but it is essential to talk across these divisions."

In his speech at last night's dinner, Mr Lazar generally criticised deployment of new U.S. cruise missiles in Western Europe as aggravating East-West tensions, but Hungarian leaders made no reference in their private talks with Mrs Thatcher to the new Cruise weapons in the UK.

Mrs Thatcher cast her speech forward to ask what arms control achievements the world would be able to show by the year 2000. In a BBC Radio interview, she described her two day Hungarian trip as a first step on "quite a long journey" to search of better East-West understanding.

Mrs Thatcher has, however, made it clear that this journey will not immediately take her to Moscow, preferring instead that Soviet leaders travel beyond their borders to meet Western leaders. Mrs Thatcher expressed repeated concern in her radio interview at the current leadership uncertainty in Moscow.

In one of the few specifics in otherwise generalised talks, the British Prime Minister promised her support in the European Community for the trade agreement with the EEC which Hungary hoped to negotiate soon. Mr Lazar was equally specific in expressing disappointment in his speech that Hungarian trade with Britain "should lag behind" that with other West European countries. Hungary is launching a promotion effort in London and Manchester in early April.

Top Soviet official invited to Peking

BY MARK BAKER IN PEKING

CHINA has invited a top-ranking Soviet official to visit Peking soon after President Ronald Reagan's visit in April.

The official is Mr Ivan Arkhipov, the first vice-chairman of the Soviet Council of Ministers—effectively the senior deputy Prime Minister. He has been asked to come in May.

Mr Arkhipov would be the most senior Soviet official to visit China since the rift between the two countries in the early 1960s.

The invitation is seen as a clear attempt by the Chinese to balance recent indications that their foreign policy of even-handedness between the two superpowers is tilting heavily in favour of the U.S.

The recent visit to Washington by the Chinese Premier, Mr Zhao Ziyang, and the planned Reagan visit to Peking, have been widely interpreted as evidence that China has opted for the economic advantages of a closer relationship with the U.S.

China's relationship with Moscow remains frosty despite three rounds of formal consultations over the past 18 months aimed at narrowing the differences. China is still angered by Soviet involvement with Vietnam, the occupation of Afghanistan and Soviet military activity along its border.

Western diplomats see the Arkhipov visit as essentially symbolic—an attempt to reassure both Moscow and Third World friends that China has not made a shift in its foreign policy.

Mr Arkhipov, who is responsible for economic affairs, would not be expected to discuss political issues in his meetings with Chinese leaders, but concentrate on trade and scientific matters.

Both countries appear content to leave the thorny political issues to the formal consultations, the fourth round of which will be held in Moscow next month.

China is believed to have been exploring ways of arranging a high-level contact with Moscow since last September when a planned meeting between the Chinese Foreign Minister, Mr Wu Xueqiao, and his Soviet counterpart, Mr Gromyko, had to be cancelled. This followed Mr Gromyko's boycott of a UN general assembly meeting because of the controversy surrounding the shooting down of the South Korean airliner.

Diplomats believe it is unlikely there will be a breakthrough in Sino-Soviet relations in the near future because of the depth of Chinese feeling over what it calls the "three obstacles" to normalisation.

But the consultations, and the consequent decisions to increase trade and low-level exchanges, have been important in reducing tensions and a visit by Mr Arkhipov is seen as another step in that direction.

Lebanese army regains strategic positions

BY PATRICK COCKBURN IN BEIRUT

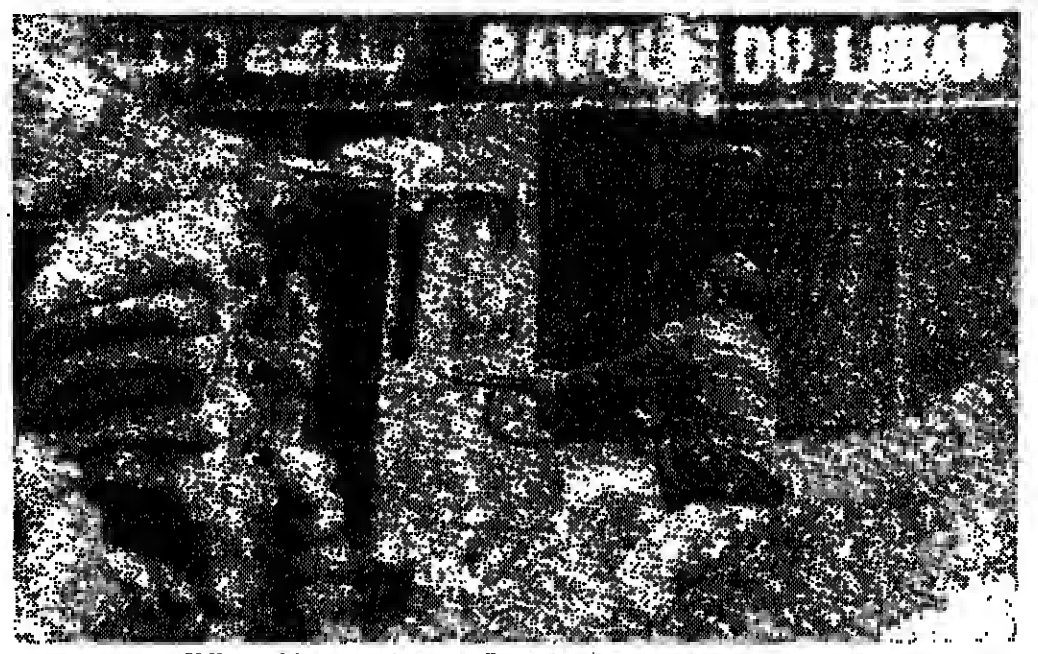
THE LEBANESE army has regained three strategic positions from Shiah militiamen who captured them on Thursday in the fiercest fighting since the end of the war in the Chouf Mountains last September.

The battle, in which both sides heavily shelled each other's positions in the capital, is seen as a rehearsal for a resumption of the civil war. Many people from the south of Beirut, an independent enclave ruled by the Shiah militia grouping, Amal, have been leaving the area with their belongings piled on their car roofs.

At least 25 people were killed and over 100 wounded according to early estimates, but many may still be buried under the rubble. The Shiah militiamen were supported by Druze and Syrian artillery in the mountains overlooking Beirut.

Amal leaders say that the incident was accidentally sparked off when an army sniper killed a man in the southern suburbs and Amal units then stormed military emplacements, the best known of which is the ruined St Michael's Church.

In a bid to lower the political temperature, the army said that its counter-attack had proved successful but that it had "no intention of entering the southern suburbs." Such a move might provoke desertions by Shiah members of the army who come from the area.



A Shiite militiaman fires at Lebanese army positions in Beirut

The radio controlled by the Druze militia said that the first brigade of the Lebanese army, which is behind Syrian lines in the Bekaa, says that it will no longer obey orders from its High Command.

The latest flare-up in the fighting is an ominous indication of how close Lebanon is to all-out war. Negotiations appear to have lost all momentum. Mr Walid Jumblatt, the Druze leader, spent yesterday seeing his allies Mr Rashid Karami, a former Prime Minister, and Mr Suleiman Frangieh, the ex-President, in the north of Lebanon.

The Lebanese army is not likely to attack south of the capital, despite the battle this week, but may seek to cut the corridor linking the Shiah in Beirut with the Druze in the mountains above the capital. This would involve moving along the ridge line south of Souq al Gharb to close the so-called Chouaifete gap.

AP adds: Jeane Kirkpatrick, U.S. Ambassador to the UN, said that the U.S. was not looking for a face-saving way to withdraw its troops from Lebanon.

She told the National Press Club in Canberra that the U.S. intended to remain in Lebanon until the Lebanese Government was in full control.

The remarks came after Australian Foreign Minister Bill Hayden, on a tour of the Middle East this week, urged nations in the region to find an "honourable" way for U.S. and Syrian troops to leave Lebanon.

Economic installations in Iraq threatened

IRAN WILL attack Iraqi economic targets if Iraq continues threats to bombard selected targets in seven Iranian towns next week, Iranian Prime Minister Mir-Hossein Mousavi was quoted as saying by the national Iranian news agency Irna yesterday, Reuter reports.

He said "All the economic centres in that country would be hit by the fire of the Islamic combatants of Iran" if the threats continued, the agency added.

Mousavi, in a message to Iraqis fighting against the current Baghdad regime, urged all workers and experts to evacuate economic installations in Iraq.

He did not name targets, but said Iranian forces were able to position artillery "in a place where the sound of their shells could tremble the pillars of the Baghdad palaces."

Tunisia curbs lifted

Tunisian President Habib Bourguiba yesterday lifted a nationwide state of emergency imposed a month ago during a wave of bloody "bread riots," the official Tunisian news agency Tap announced, Reuter reports from Tunis.

Last week, Bourguiba lifted the night curfew and called the army off the streets. But armed police have continued to patrol.

Matabeleland tension

Zimbabwe's Government is sending more troops into Matabeleland and imposing a dusk-to-dawn curfew in the troubled southern district in what appears to be a new military offensive to combat anti-Government rebels, AP reports from Harare.

Home Affairs Minister Simbi Mubako yesterday said: "Troops will be increased to whatever level is considered necessary to deal with . . . increased infiltration," hours after Prime Minister Robert Mugabe accused South Africa of training rebels to overthrow his Government.

Zanzibar arrests

The chief minister of the government of Zanzibar has resigned and two former island ministers have been arrested, officials said yesterday, Reuter reports from Dar es Salaam.

Chief minister Brigadier Haji Ramadan Faki resigned last night. Former attorney general Wolfgango Dourado and ex-lands and housing minister Aboud Talib Aboud were arrested, the officials said.

Assam protests

Indian Prime Minister Indira Gandhi pleaded for tolerance of minorities in troubled north-east Assam state yesterday as demonstrators clashed with police and set up roadblocks to protest against her tour, AP reports from Pragjyotishpur.

At least 300 people were reported injured. A general strike paralysed Cauhati, Assam's main city, as Mrs Gandhi arrived.

Finns fear N-build-up

Finnish President Mauno Koivisto yesterday voiced concern over the European nuclear build-up and said the Nordic region must be kept free of nuclear weapons, Reuter reports from Helsinki.

Opening parliament, he said nuclear weapons were being built up in Europe and people were increasingly concerned about the future.

Italian truce

The Italian Government yesterday decided not to call a vote of confidence in order to help defeat parliamentary opposition to its controversial bill which offers a pardon to offenders against building regulations in return for a fine, James Buxton writes from Rome.

Argentina and UK may step up diplomatic contacts

BY JIMMY BURNS IN ARGENTINA AND HUGH O'SHAUGHNESSY IN LONDON

THE resumption of full diplomatic relations between Britain and Argentina came several steps closer yesterday.

The British government said it was willing to authorise an upgrading of the Argentine diplomatic presence in London and the establishment of relations to a consular level.

At the same time the Argentine Government repeated its willingness to allow direct contacts between British diplomats in Buenos Aires and the Foreign and Commonwealth Office in London.

Since the Argentine invasion of the Falklands in 1982 Britain has been represented in Argentina by Switzerland and Argentina in Britain by Brazil.

A Whitehall spokesman commented: "It is important that Britain be seen to be interested in the normalisation of relations."

While welcoming the interest in mediation between Britain and Argentina expressed recently by Sig Bettino Craxi, the Italian Prime Minister, the British side is keen to continue the series of secret, informal contacts between British and Argentine diplomats which have been going on since President Raúl Alfonsín took office in December after eight years of erratic and unstable military dictatorship.

Argentina is seeking agreement with Britain on a deal under which Argentina would declare a formal cessation of hostilities in the South Atlantic against a lifting by Britain of the exclusion zone round the Falklands and a commitment to the gradual demilitarisation of the islands.

In a move which is unlikely to have been coincidental, Argentina has allowed the system of maintaining government overseers of British companies in Argentina to fall into abeyance. Additionally, British companies have found little difficulty in getting official permission to remit profits back to their British parent companies.

Underlining continuing public interest in Argentina in the diplomatic manoeuvres between the two capitals, an editorial in the pro-government Buenos Aires daily La Nacion yesterday urged both sides to set aside old differences and respond to what it sees as Sr Alfonsin's initiative.

Reagan seeks aid boost for Central America

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday asked Congress to approve substantial increases in economic and military aid to Central America, with a major part of the funds earmarked for the embattled U.S.-backed Government of El Salvador.

The controversial request is intended to start implementing the recommendations of the special Kissinger Commission on Central America, which last month called for at least $8bn to be channelled to the region over the next five years in a comprehensive programme for economic and social development designed to shore up regional security.

Mr Reagan asked for an immediate extra $400m in economic assistance to the region, bringing the total for the current 1984 fiscal year to $1,130m, and a more than tripling of military aid to $373m.

For fiscal 1985, which begins on October 1, the administration is seeking $1.7bn in economic assistance and $256m in military aid. There is no provision for direct U.S. aid to the left-wing Sandinista government of Nicaragua, one of the Reagan administration's principle enemies

The White House said that military assistance to El Salvador should total $376m between now and the end of fiscal 1985, compared with the $64.8m currently provided for in fiscal 1984. The military aid to El Salvador should be concentrated in the current budget year to break the military stalemate and provide an adequate security for democracy and economic growth, it said.

Mr Reagan continued to insist that he should be free to control the flow of aid to El Salvador without having to certify continued human right improvements to Congress.

The proposals, which are bound to spark a major debate in Congress came as a number of human rights groups in Washington said that the El Salvador Government's record on human rights was so bad that it met none of standards set by Congress for continued U.S. military aid.

Mr Robert White, a former U.S. ambassador to El Salvador, added to the outcry by accusing Mr Roberto d'Aubuisson, the right-wing candidate in next month's Presidential elections, of direct complicity in the murder of Archbishop Oscar Romero in March 1990 and charging the Reagan administration of covering up the evidence.

Administration officials continued to stress "the crucial importance of social and economic factors" in the U.S. aid programme.

They pointed out that in fiscal 1985 alone, the proposed levels for economic assistance to the region were almost seven times the levels for military aid.

Nicaragua will ask for an emergency meeting of the United Nations Security Council over a Honduran air raid which killed three soldiers, junta leader Daniel Ortega said yesterday, Reuter reports. He said six Honduran planes bombed fuel tanks in the Western province of Chinandega on Thursday. Sr Ortega said three soldiers were also wounded.

Further fall in U.S. jobless

BY STEWART FLEMING IN WASHINGTON

UNEMPLOYMENT in the U.S. fell for the fifth consecutive month in January, dropping from 8.2 per cent to 8 per cent.

President Reagan has already been able to boast that in the past 12 months the U.S. has seen the fastest drop in the unemployment rate in a generation and an increase of 4m in civilian employment.

Unemployment has dropped from 10.7 per cent since the peak of the recession in November 1982, with particularly strong declines registered in the final quarter of 1983.

Both the Reagan Administration and private economists are expecting that further gains on the unemployment front will be more difficult to achieve

Polish economy expanded by 4-5% last year

By Christopher Bobinski in Warsaw

THE Polish economy grew by between 4 and 5 per cent last year, the first time it has expanded since 1978, the government Central Statistical Office reported yesterday.

Industrial production rose by 7 per cent and farm output increased by 4 per cent. But with inflation at 23 per cent, living standards continued to take a battering.

Nevertheless the statistical office reports a 25 per cent average growth in industrial wages, thereby claiming a 1 to 2 per cent rise in workers' real incomes.

However, sales of food in real terms dropped by 1 per cent although purchases of consumer durable goods, still very much in short supply, rose by 14 per cent.

AP adds: The Warsaw government yesterday gave the national airline and fishermen permission to resume business with the U.S. in a lukewarm response to the partial lifting of Western economic sanctions.

A communique carried by the official Pap news agency also renewed demands that the Reagan Administration "lift all the restrictions" imposed on Poland in response to the 1981 declaration of martial law.

Job cut protests in Basque region

MADRID — Thousands of workers in Spain's Basque region yesterday staged strikes and protests against job cuts in the region's steel sector as rival unions argued over their reply to the Government's plans.

Unions said more than 100,000 workers had downed tools in the Basque provinces of Vizcaya, Guipuzcoa and Alava after nationwide protests on Thursday by more than 250,000 workers.

The Communist-led Workers' Commissions trade union (CCOO) and the rival Socialist-backed General Workers' Union (UGT) had both called actions but made clear their different positions towards the Socialist Government's industrial policy.

The UGT has accepted in principle a Government project to pare down top-heavy steel, shipbuilding and metal sectors before Spain's planned entry into the European Community in 1986. "We say yes to restructuring but no to the cancellation of contracts," a UGT spokesman said. More than 60,000 jobs are expected to be lost in the cuts.

The CCOO says it will oppose the restructuring until it has firm guarantees that areas affected will be reindustrialised.

UGT officials said protest rallies were planned later in the Basque region. Metal workers in Madrid also staged go-slows and brief stoppages.

The CCOO was the principal organiser of the strikes, amid UGT accusations that its motives were "purely political." Reuter

Slim majority likely for Danish coalition

BY HILARY BARNES IN COPENHAGEN

DENMARK'S four-party non-socialist coalition Government should be able to count on majority support for the passage of the 1984 Finance Bill later this month. This became clear with the final result of the January 10 General Election, arrived at after a recount of postal votes this week.

The recount was made necessary because the criteria for validating postal votes was not uniform in all constituencies. It produced no change in seats. This means that the coalition—of Conservatives, Liberals, Centre Democrats and Christians—will control 77 seats. With the additional support of 10 Radical Party members and three of the four members for Greenland and the Faroe Islands the government should be able to count on 90 members in the 179-seat parliament.

The election was caused when the coalition's 1984 finance Bill was defeated in the Folketing in December. The passage of the Bill will be the major item on the agenda when the Folketing meets on Monday.

The final result of the election was as follows: Conservatives 42 seats, Liberals 22, Centre Democrats 8, Christian People's Party 5 (coalition 77); Radicals 10, Progress Party 6 (total non-socialist 93); Social Democrats 56, Socialist People's Party 21; Left Socialist Party 5 (total socialists 82); and Greenland and the Faroe Islands 4. Total seats 179.

Brazil confirms discovery of offshore oilfield

BRAZIL's state oil company Petrobras confirmed the discovery of a new offshore oil field in the Campos basin, the country's leading oil-producing region, AP-DJ reports from Rio de Janeiro.

The Vermelho field, named after a fish common in the area, has 30m barrels of proven recoverable oil and possibly as much as 90m barrels, Petrobras said.

The five sq mile field is located 50 miles off the coast of Rio de Janeiro in southeastern Brazil, in 264 feet of water.

Vermelho is the 17th offshore field in the Campos Basin. The region produces about half of Brazil's daily production of some 450,000 barrels of oil. Brazil consumes 954,000 barrels a day.

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Cavalier warranty insurance holders 'not protected'

BY ERIC SHORT

MANY of the 130,000 policyholders who insured their kitchen equipment and cars with the failed Cavalier Insurance Company will get no compensation for financial loss.

They have been left in this position by a weakness in the 1975 Policyholders' Protection Act.

The Act was intended to protect the public from the financial consequences of a collapse of an insurance company. It ensures that individual policyholders with insurance claims against the failed company would receive at least 90 per cent of their claim.

The shortcomings of the Act emerged yesterday when details were given by the Department of Trade and Industry of the winding up of Cavalier Insurance Company. The winding up order was made the previous day.

Cavalier Insurance Company was authorised under the 1982 Insurance Companies Act only to underwrite property insurance. However, during the period 1982-83 it underwrote extended warranty insurance—insurance which covers the cost of replacing or rectifying defects in white goods or motor vehicles receiving more than £1m in premiums, even though it was not authorised to do this type of business.

Mr Colin North Smith, chairman of the Policyholders' Protection Board which administers the Act, said yesterday that legal advice given to the board was of the opinion that these extended warranty contracts were not policies under the 1975 Act as the company was not authorised for this type of business and thus not covered by the provisions of the Act.

But he confirmed that any claims outstanding from the 7,500 policyholders with property insurance policies with Cavalier would be protected by the Act.

This legal opinion is apparently based on a recent case concerning unauthorised insurance policies.

Policyholders with extended warranty claims cannot expect much from the normal liquidation processes. The preliminary advice given by the Official Receiver, who has been confirmed as provisional liquidator, is that they may be entitled to claim only for premiums received by the company and that they have no right of recovery in respect of other claims.

He warns that because of the numbers of policyholders and the complexity of the company's affairs, it may be some considerable time before any possible distribution can take place.

Indications of the complexity came in the winding-up petition read out in court. This stated that the Official Receiver had been unable to establish the identity of the shareholders nor establish the financial position of the company. Doubts were cast over the validity or enforceability of an alleged reinsurance contract with an unnamed reinsurance.

Funds intended to pay the £950,000 reinsurance premium had been misappropriated as to £800,00 by directors, former directors or persons purporting to act as directors and applied to purchase shares in the company in contravention of the 1981 Companies Act.

Lloyd's to investigate BPR companies

By John Moore

THE RULING authorities of the Lloyd's insurance market have set up an official investigation into the affairs of Lloyd's underwriting agencies which form the Bellew, Parry & Raven Group.

Lloyd's has appointed Sir Edward Singleton, a former president of the Law Society, to carry out a wide-ranging investigation into the group, which is responsible for the affairs of 540 members of Lloyd's, and provides underwriting services for a further 450 members.

A notice announcing the inquiry was posted in Lloyd's yesterday.

The new investigation at Lloyd's arises from an earlier inquiry launched into the affairs of the Brooks & Dooley Underwriting Agency and the links that two executives of the agency had with a company in Bermuda, the Fidentia Marine Insurance Company.

Sir Edward has been asked to examine the flow of funds between 18 Lloyd's insurance syndicates under the management of the Bellew, Parry & Raven Group with companies which either are or have been under the control of Mr Arthur Henry Bertram Grattan-Bellew, Mr John Raymond Parry and Mr Frederick Charles Raven, who are directors of the agency company.

Sir Edward has been asked to look at the premiums or claims transacted in the form of reinsurance contracts directly or indirectly through the following agency companies in which Bellew, Parry & Raven has an interest.

The agency companies are Bellew & Raven (Underwriting Agencies); K F Alder (Underwriting Agencies); ARE Chambers Underwriting Agency; Coucher Underwriting Agency; Haynes & Clack Underwriting Agencies; R P Milligan (Underwriting Agencies).

Mr Edward Nelson, a former member of Lloyd's ruling council, is a senior executive of K F Alder.

Sir Edward has been asked to examine the extent of involvement of any person or their families connected with the agency company, and with brokers which acted in the placement of business in the form of reinsurances for the syndicates.

He will look at the financial impact of any transactions on the interests of members of Lloyd's whose affairs Bellew, Parry & Raven and the agency companies are responsible. In addition, the conduct of everybody involved in the transactions is to be examined.

Bellew, Parry & Raven disclosed nearly a year ago that the group dealt with an offshore company in Bermuda, the Midland Reinsurance Company, which was controlled by trusts held for "the children of directors of Bellew, Parry & Raven.

None of the directors of Bellew, Parry and Raven was available for comment

IBA to investigate advertising discounts

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TELEVISION contractors' policy of granting special discriminatory discounts to certain advertising agencies is to be investigated by the Independent Broadcasting Authority.

The move follows a request from Sir Gordon Borrie, director-general of fair trading, yesterday published a report into Thames Television's trading policies.

Although the report found that Thames's policy of discriminatory discounts was not anti-competitive, Sir Gordon felt that the policy might effectively discriminate against certain advertisers and would therefore he contrary to the 1981 Broadcasting Act.

The IBA said yesterday that it planned to consider the general position of television contractors' discount policy under the terms of the Broadcasting Act. It also planned to refer the issue to its advertising liaison committee—a forum for the whole television industry—for further discussion.

The move could have significant implications for the relationship between the media, advertising agencies and advertisers over the buying and selling of advertisements.

The Office of Fair Trading started its investigation into Thames Television a year ago following complaints from J. Walter Thompson—one of the UK's largest advertising agencies—that Thames was operating a policy which discriminated against certain agencies.

This policy involved Thames giving more favourable discounts to agencies which agreed to spend 70 per cent of their London television advertising budgets with Thames.

Thames provides commercial television programmes during the week and accounts for some 62 per cent of permitted advertising airtime. London Weekend Television has 38 per cent of the advertising airtime.

The OFT was concerned that Thames's policy was harmful to London Weekend Television, as well as being unfair to agencies which did not want to commit so much of their advertising budgets to Thames.

However, the OFT's investigators concluded that special discounts were unlikely to have a significant effect on competition because advertising agencies could switch budgets between Thames and LWT.

Trafalgar may salvage some Scott Lithgow jobs

By Mark Meredith, Scottish Correspondent

MR NIGEL BROACKES, chairman of Trafalgar House, said yesterday he foresaw about 1,500 of the 4,000 jobs at the Scott Lithgow yard on the Lower Clyde, could be salvaged if bis shipping company took over the yard from British Shipbuilders.

On a visit to the yard for talks with management and unions, Mr Broackes added that negotiations with Britoil on completion of a £88m order for a semi-submersible drilling rig had reached a delicate balance. Britoil's cancellation in December of the rig order, which was two years behind schedule, led British Shipbuilders to announce 3,000 redundancies at the yard by the end of March.

Mr Broackes said he hoped to have the complete package for the takeover of Scott Lithgow sorted out by the end of February. This is the date which Britoil has set as well for a final decision about its order.

Britoil wants a rig for deep-water drilling in 1986, but has stressed it wants to be assured that the rig can be completed on time and is obviously sceptical about the credibility of any company seeking to take over the yard.

Mr Broackes said yesterday that there might be a limited role for the Swedish Gotaverken Arendal yard.

"We might have the Swedes in on a bit of technical advice but I do not see the interest extending much further

Mr Duncan McNeil, secretary of the shop stewards at Scott Lithgow, said he did not think the workforce could be reduced to 1,500 without compulsory redundancies and these could not be accepted.

The unions have not opposed a private takeover, but Mr McNeil said they were still boping there could be some other bidders.

U.S. airline halts orders

BY LOUISE KEHOE IN SAN FRANCISCO AND LYNTON McLAIN IN LONDON

A U.S. AIRLINE which bad ordered six of the British Aerospace 146 jet airliners and taken an option on eight others, has filed for protection from creditors under Chapter 11 of the U.S. bankruptcy laws.

Pacific Express Airlines, a cut-price airline based in Chico, California, operated nine second-hand BAC One-Eleven jets out of 22 West Coast airports.

Last night British Aerospace said it and Pacific Express had agreed to cancel the orders before the airline made its bankruptcy move. The airline was not making sufficient downpayments on its orders for delivery in 1985.

The total package was worth about £170m. It was made through Westair, a Pacific Express subsidiary.

Pacific Express halted operations on Thursday afternoon. It later announced it was continuing negotiations for refinancing that would enable it to reinstate its service under court protection.

British Aerospace invested $1.9m in Pacific Express in 1982 in subordinated income convertible debentures. At the same time, Pacific Express made an initial public offering of 1.3m shares at $5 a share.

Pacific Express Holdings, the airline's parent company, reported a $4.8m (£3.4m) loss for the fourth quarter of 1983, bringing its losses during two years of operations to $31.6m.

Midland Bank's new chief

BY MARGARET HUGHES

M HERVE DE CARMOY has been appointed chief executive of Midland Bank International and will take up his new position next Monday.

The 47-year-old Frenchman will replace Mr John Harris, who has been sent by Midland to sort out the problems of its Crocker subsidiary in the U.S. Mr Harris becomes senior vice-chairman and a director of both Crocker National and its main subsidiary Crocker Bank.

At present, M de Carmoy is president of Midland's French subsidiary, which he set up for Midland after joining the bank in Paris in 1978. He was previously in Paris with Chase Manhattan for 15 years becoming finally responsible for European operations.

At Midland, M de Carmoy who was apointed in 1979, has become the first non-British general manager of a clearing bank. He was at one time chairman of Midland's West German operation, Trinkhaus und Burkhardt and remains a deputy chairman of its supervisory board.

Midland Bank International's new chief executive will retain his links with Paris by remaining chairman of the subsidiary's supervisory board. His successor has not yet been named.

A graduate of l'Institut d'Etudes Politiques in Paris and a holder of a masters degree in business administration at Cornell University, Mr de Carmoy is a fluent English and German speaker.

MP ordered to leave Commons after hurling insults

BY IVOR OWEN

MR DENNIS SKINNER, the fiery left-wing Labour MP for Bolsover, was ordered to leave the Commons yesterday after calling Mr John Gummer, Minister of State for Employment and the chairman of the Conservative Party, a "hypocrite."

He refused to withdraw the charge in spite of repeated appeals by Mr Harold Walker, the Deputy Speaker, and continued to burl insults at the Minister as he made his way out of the Chamber.

"Let him get on with his hypocrisy and his lies," he shouted.

Mr Skinner, who accused the Government of failing to provide the money needed to ensure that safety regulations were observed claimed that the minister did not care about workers.

Mr Gummer's only concern, he said, was the £5,000 salary increase he had received after being promoted from Parliamentary Secretary to Minister of State following his appointment as chairman of the Conservative Party.

Mr Gummer denied Mr Skinner's charges and emphasised that the Government had increased the resources available to the Health and Safety Executive.

NEI Nuclear Systems to make 688 redundant

BY NICK GARNETT, NORTHERN CORRESPONDENT

NEI NUCLEAR SYSTEMS at Gateshead, Tyne and Wear, bas told union officials that it intends to axe 688 jobs, more than a quarter of the division's 2,300 workforce, because of reduced workload on power station construction.

This confirms fears of unioo officials who have been in discussion with Nnclear Systems on possible redundancies as a result of a tail-off in work.

NEI has announced more than 200 job losses in the past two weeks at two of its other North-Eastern operations for the same reason. These were 161 jobs at NEI Reyrolle at Hebburn, which makes switchgear, and 70 at NEI Electronics, which manufactures protection relays.

The only large contract work being done by Nuclear Systems is boilers and pipe work for the Heysham 2 advanced gas-cooled reactor station, Lancs., and the Torness power station in Scotland. NEI's work on these two effectively runs out this year.

The steep downturn in power-station construction is causing major headaches for a oumber of companies involved in manufacturing for the power generation industry.

GEC Turbine Generators announced in November that it was cutting 650 jobs at three of its four sites because of diminishing world demand for electric power generation equipment.

The company blamed the job losses, which are heing spread over 15 months, on a shrinking demand for power stations and for power-generating steam turhines ntilised in refineries, steel and sugar mills, and similar plant.

TOBACCO INDUSTRY

BAT succumbs to pressures of rising duty and falling demand

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

WARNING: cigarettes can endanger your corporate health. That message should he scrawled across the boardroom wall at British American Tobacco's central London headquarters.

Five years ago it hurst on the British market with a promotional push excessive even by the tobacco industry's free-spending standards — and sparked a price war in the process. Yesterday it decided to drastically reduce its presence.

BAT, the world's largest cigarette prodncer, found that the pressures on the UK market caused by rising duty and falling demand made it uneconomic to continue.

It plans to carry on with some manufacturing, partly to supply world markets—bnt also to maintain a toehold in the UK through an independent distributor for its brands, mainly State Express 555.

Yesterday, BAT's competitors were planoing how to capture its 5 per cent share of the UK market where 101bn cigarettes are sold a year.

BAT's problems show that no matter how big you are or how much you are prepared to spend the strength of companies sucb as Imperial Tobacco, Gallaher and Rothmans lies in their brand identities.

BAT entered the market with price cuts that tempted people to buy once—but oot again when the price moved up to more realistic levels.

Britain's most popular cigarette, Benson and Hedges Special Filter produced by Gallaher, has always been a premium price cigarette which has concentrated on brand identity through a surrealistic advertising campaign. Although much criticised for being too esoteric, Gallaher showed that the campaign has paid off in brand loyalty.

BAT entered the UK market only because of Britain's entry into the EEC. For most of this century BAT and Imperial maintained a cosy relationship: BAT looked after world markets while Imperial remained only in the UK.

The EEC felt this deal waa a little too cosy. Imperial had to divest itself of its significant shareholding in BAT and the agreement between the companies was dissolved.

BAT probably would have not bothered to enter the UK fray, because of the existing companies' strength, had it not been for another EEC decision. The tobacco industry's biggest trauma, and arguably the biggest shake-up in a consumer market of any size in the UK, took place between 1976 and 1978 when the EEC changed the way Britain could charge duty on cigarettes.

The main effect enabled king-size cigarettes to be priced the same as small, standard-size cigarettes. Not surprisingly, as smokers were getting more puffs per penny, they switched io droves to king-sized brands.

Before the change less than one io every 10 cigarettes sold was king-size; now nearly eight out of every 10 are king siza

This consumer switch had other repercussions. Imperial Tobacco, a subsidiary of the Imperial Group, has dominated the UK market for most of this ceotury. About two-thirds of cigarettes sold before 1976 were Imperial brands. However, its market streogth was hased on the standard-size cigarettes. It had virtually no strength in the then tiny king-size market.

Imperial was slow to react to these changes. BAT and the other tobacco companies felt there was an opportunity to exploit the market upheaval.

Unfortunately for BAT it had n orreonised brands to exploit as had Gallaher and Rothmans. Apart from State Express its best-known brands were du Maurier and Kim.

So BAT had to adopt other methods. One axample of its determination was the challenge to Imperial's successful "instant lottery" cigarette promotion. BAT complained that the lottery was against the law and Imperial directors faced criminal proceedings until the case was awitched to the civil courts.

More significant was BAT's pricing policy aimed at securing a share in a changing market. It failed to achieve this as the major companies re-emerged from the switch to king-size brands with similar market shares.

But it reduced already tight margins in an industry where profitability depends on fractions of a penny.

BAT's problems were exacerbated by the falling demand for cigarettes. Sales had been declining since the mid-1970s, largely hecause of the increasing bealth scare.

The hig slump came in the early 1980s when Sir Geoffrey Howe, as Chancellor, chose the tobacco iodustry as a target for revenue raising. The 17p duty increases in 1981 led to a 15 per cent fall in sales.

The 5p duty increase in 1982 led to a much smaller drop in sales hut the trend was still downwards. Last year's 3p increase led to only a 1 per cent fall.

The short-term implications of BAT's effective withdrawal from the UK market probably will heoefit Imperial most.

The pullout may have more immediate implications for the Government. With thousands of tobacco industry jobs shed in the past few years—all in sensitive electoral areas—the Chancellor may find it politic this year not to hasten further the decline in cigarette production with a hefty duty increase.

A science fiction vision that is becoming sound fact

BY DAVID FISHLOCK, SCIENCE EDITOR

ANTI-SOUND, once a vision from the world of science fiction, is being turned into microelectronic reality as a system for silencing noise.

Two systems becoming available in Britain were described to the Royal Society in London this week by Prof John Ffowcs Williams, a world authority on the subject.

Prof Ffowcs Williams, Rank professor of engineering at Cambridge University and a former Rolls-Royce authority on noise suppression, told a rapt audience that anti-sound might sound gimmicky to scientists.

Nevertheless, he assured them with Welsh fervour, it was a real subject "whose full splendour" will not be seen in our lifetime.

It was foreshadowed a quarter of a century ago by Arthur C. Clarke in a short story called Silence, please. This envisaged a "sound sucker" that swept up noise.

Racal, the military electronics group, has made anti-sound a reality with an electronic ear defender for helicopter crew which it plans to start selling this year.

It suppresses a lot of cockpit engine noise and makes it much easier for the crew to converse.

Prof Ffowcs Williams said it works by sensing the unwanted sounds, mimicking them electronically and generating a mirror image of them.

When the mirror image is pointed at the source, the noise vanishes.

He played a recording made in a Sea King helicopter. The Racal technique made an enormous reduction in cockpit noise and conversation became comparatively easy.

Prof Ffowcs Williams said he believed the ear must do something similar to sift out the conversation one wishes to hear from babble at a cocktail party.

However, he dashed any hopes of his audience that microminiature anti-sound systems might be at hand for suppressing anything from ambulating transistor radios to passing aircraft or motorcycles.

The prospect of what he called silent hiss coming out of our loudspeakers was still a long way off. Anti-sound was limited to low frequencies and it was difficult to make loud noises at these frequencies.

Something with the power of a jet engine is needed to make a really offensive low-frequency noise.

At Duxford, near Cambridge, in a demonstration funded by the former National Research Development Corporation (now the British Technology Group) anti-sound is suppressing jet exhaust noise from a 14 Mw gas turbine pumping natural gas.

An array of 72 loudspeakers weighing 1.5 tonnes and driven by 12 Kw of amplifiers—a huge hi-fi system, as Prof Ffowcs Williams described it—points at the exhaust pipe.

It has cost about £300,000 over the last eight years to develop an electronic silencer, which has run maintenance-free since 1981.

BTG believes it is the world's largest anti-sound demonstration of its kind.

Prof Ffowcs Williams said £60,000 worth of civil engineering would be needed to achieve the same noise suppression being achieved by £10,000 worth of electronic equipment.

He did not rate too highly the chances of anti-sound suppressing aircraft noise for the earthbound. But he was sure it would help to reduce noise for the passengers.

Unions warn of stalemate in shipyard talks on BS deal

BY DAVID BRINDLE, LABOUR STAFF

TALKS ON the implementation of British Shipbuilders' productivity deal are in danger of hitting stalemate in some shipyards before next Friday's deadline for final acceptance.

Union officials in a number of yards claimed yesterday that local managers were attempting to push through changes in working practices above and beyond the letter and spirit of the national framework agreement.

At Vosper Thornycroft's yard at Woolston, Southampton, it was maintained that the management's proposals included clauses deleted during the national negotiations. Interchangeability between trades and trade groups was planned, as was the handing over of some skilled worker's jobs to ancillary workers.

Mr Bert Brown, secretary of the Woolston shop stewards' committee, said: "The changes being proposed are far-reaching and very radical as far as we are concerned. Quite honestly, I don't think they have got any chance of acceptance in their present form."

It was acknowledged by BS and the unions when the framework was agreed on January 25 that there would be problems winning acceptance for the £7-a-week deal in some yards. But claims that local managements are trying to advance beyond the agreement are adding to the difficulties.

At Govan on the Clyde, the unions say they have been presented with a "shopping basket" of changes under the management's interpretation of the national agreement. As in most yards, talks will continue into next week.

Mr Sammy Gilmour, a Govan convenor and member of the unions' national negotiating body, said, however, that he believed agreement could be reached on a local package in time for the deadline for backdating the £7 payment to November 1.

At Swan Hunter on the Tyne, the unions have similarly been presented with a document outlining the management's proposals and say that "hard bargaining" will be necessary to reach a settlement. At Appledore Shipbuilders in Devon, the unions report that they are "quite a way away" from agreement.

BS said yesterday it was up to each yard's management and unions to come to terms on how the national deal could be implemented and said it could not comment on claims that the terms of the deal were being exceeded.

Good year for North Sea oil and gas finds

By Dominic Lawson

TWENTY-ONE significant oil and gas discoveries were made in the North Sea last year, Mr Alick Buchanan-Smith, the Minister of State for Energy, said yesterday.

This made 1983 the best year for North Sea discoveries since the record of 28 finds in 1975.

Mr Buchanan-Smith said the figures showed that one in three wells drilled had struck oil or gas. This was the result of improved seismic technology, and augured well for future licensing rounds when the Government would have to consider more marginal fields or those in deeper water.

Meanwhile, stockbroker Wood Mackenzie, in its 1983 annual review, says the number of rigs exploring and appraising for oil and gas in UK waters has reached a record level.

Wood Mackenzie estimates that 1984 could see an even higher level of drilling activity. It says the reasons for this are a lessening of the tax burden in the last Budget and reduced fears of a collapse in the oil price.

The report describes 1983 as a more successful year for exploration in the UK. The majority of discoveries were made in the central North Sea, which was the site of more than half the exploration wells drilled in the UK sector last year.

During 1983 the Department of Energy approved seven new projects, as against three in the previous year.

Five new North Sea fields started to produce oil, helping to increase oil production by 11 per cent, to 2.3m barrels per day. The new producing fields were North West Hutton, South Brae, Magnus, Maureen and Dunran.

On the financial front, over $1bn was raised to help fund North Sea activities, the largest component being a $400m syndicated loan for Sun Oil of the U.S., to finance its involvement in the Balmoral field.

BA fails to block Laker pre-trial evidence request

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BRITISH AIRWAYS has failed to block a move to take pre-trial evidence from its U.S. general manager in Laker Airways' $1bn anti-trust damages claim in the U.S.

The Court of Appeal said yesterday that it would not be a breach of an order it made against Laker last July for Laker to take a deposition in the U.S. from Mr John Meredith.

The Master of the Rolls, Sir John Donaldson, stressed that a major factor in the decision had been an undertaking by Laker not to use Mr Meredith's evidence against BA.

The court had been told that Laker regarded Mr Meredith as an important link in the chain in its attempts to discover who had been involved in an alleged conspiracy by Laker's competitors to destroy it.

BA had said that Laker's undertaking would not protect it: that, once Mr Meredith's evidence had been taken, it could be used against BA by the U.S. court.

Mr Meredith has been subpoenaed by Laker and ordered by Judge Harold Green, the U.S. judge dealing with the anti-trust case, to make a deposition on February 24.

Laker's liquidator, Mr Christopher Morris, of Touche Ross, has sued BA, British Caledonian, Pan American, Trans World, six European airlines and two McDonnell Douglas companies alleging a conspiracy, in breach of U.S. anti-trust laws, to destroy Laker.

Last July the Court of Appeal ordered Laker not to take any further steps in the action against the two UK airlines, and to "use its best endeavours" to get them removed from the action.

Laker's appeal against those orders is due to be heard by the House of Lords on June 5.

Mr Leonard Hoffman, QC, for BA, said yesterday that taking evidence from Mr Meredith would amount to a step in the U.S. action barred by the July order.

That should not be permitted until the House of Lords had ruled on Laker's appeal.

Laker should not be allowed to give a weapon to the U.S. court that could be used against BA, said Mr Hoffman.

Mr David Johnson, QC, for Laker, said that there was no foundation for saying that the U.S. court could use Mr Meredith's evidence against BA.

He said that Laker had no information about the individuals in Trans World and Pan Am who had been involved in the alleged conspiracy. It was for that reason that it wanted Mr Meredith's evidence about meetings he had attended with representatives of the other airlines before Laker Airways collapsed in February 1982.

BA had not shown that it would suffer any injustice if Mr Meredith's evidence were taken. What the airline was asking the English court to do was to interfere with routine American court proceedings, Mr Johnson said.

Sir John Donaldson said that Mr Meredith had been required by the U.S. court to give evidence, not as a senior official of BA, but as "an independent, non-party witness."

Laker had offered an undertaking not to use Mr Meredith's testimony against BA for any purpose, even if BA remained a party to the U.S. action after the House of Lords appeal.

Sir John said that the real problem had arisen from the delay of nearly a year between the Appeal Court's order and the House of Lords hearing. He suggested that the Law Lords be asked to hear Laker's appeal earlier than June 5.

City plan to give vote to more ratepayers

By James McDonald

THE Corporation of the City of London is planning to give a vote in its administration to nearly all its ratepayers in the most sweeping proposals to be suggested since Saxon times, when the City's ward system was first developed.

In one of the wealthiest square miles in the world, the City Corporation is the only British local authority in which residents and businesses both have a vote. But votes are restricted at present to 4,885 domestic ratepayers—mostly residents in the Barbican—and to 9,550 owners or tenants who occupy City premises and are personally liable for rates. A total of 14,435 votes.

Of the £32m collected in rates in the City, 0.5 per cent comes from residents and 8.5 per cent from those who cast a business vote. The other 91 per cent—£34m—is contributed by non-voting ratepayers. If the proposals are approved, many of them will be able to vote.

Under proposals to be put before the City's Court of Common Council next Thursday the electoral roll could be increased by another 6,000 names. The objective is to grant a vote to every incorporated body in all the City's 25 wards, with one vote to each body.

The vote, however, would not be extended to overseas companies, state-owned organisations or to the City Corporation.

SDP accuses Government and TUC on political funds

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR IAN WRIGGLESWORTH, Social Democratic Party spokesman on industry and employment, has accused the Government and the TUC of "cobbling together a deal" which will excuse that part of the trade unions Bill providing for ballots on political funds.

He tabled two amendments yesterday to the Bill, now in Committee Stage in the Commons, to reduce the balloting period on political funds to five years from the 10 specified in the Bill, and would enforce a system of "contracting in" to political levy payments.

The "deliberate delay" in getting the Bill through committee, he said, was due to Government intention to drop fund ballots if the unions would agree a voluntary system of regulating payment of the levy to ensure that all members knew of their right to contract out and had the opportunity to exercise it.

The TUC Employment Policy and Organisation Committee meets on February 15 to review progress of talks between Mr Tom King, the Employment Secretary, with Mr Len Murray, TUC general secretary, and Mr Bill Keys, chairman of the committee.

Mr Wrigglesworth said: "The present unsatisfactory method of contracting out is a system of inertia selling and is also open to considerable abuse.

"It is impossible to remove these defects without changing the whole system.

"In the Bill the Government have proposed doing this by balloting union members on whether they wish their union to have a political fund or not.

"In our view the only fair and effective alternative to the present system is to have a system of 'contracting in' and with this in mind I have tabled an amendment to the Bill to achieve this."

The SDP has been pressing for postal ballots to be stipulated in the Bill, rather than a choice being allowed between postal and workplace ballots. Mr Wrigglesworth is likely to table a further amendment later this month which will call for a threshold vote in ballots on strikes.

Seamen threaten disruption

SEAMEN at Dover and Folkestone yesterday threatened to take unofficial disruptive action next week, in protest at the proposed closure of the Dreadnought Seamen's hospital in Greenwich, South London.

The timing and extent of the action will be decided at a further meeting of the National Union of Seamen's port committee, so the disruption may not take place on Monday as originally proposed.

Two weeks ago, a 12-hour strike disrupted ferry sailings from the ports. The action was supported by men from Liverpool, who disrupted sailings to Belfast and the Isle of Man.

The General Council of British Shipping said proposed new units at St Thomas's Hospital in London would have its own budget, and would not be subject to waiting lists and normal restrictions on length of stay.

Milk price controls to end in 1985

BY RICHARD MOONEY

THE MAXIMUM retail price for milk will go up by 1p, to 22p a pint, on June 3, Mr Michael Jopling, Minister of Agriculture, announced yesterday. The Government planned to relinquish control over milk prices by the end of next year, he said.

The increase, first since November 1982, is estimated to yield £88m a year, of which £38m will go to producers and £51m to distributors. The distributors' margin will be cut from next month, when the maximum wholesale price rises by 0.33p a pint.

The decision to raise the retail price prompted mixed responses from the dairy industry.

Sir Richard Butler, president of the National Farmers' Union, complained that under agreed procedure it should have been introduced last October. The delay would cause inadequate returns to dairy farmers this year.

Mr Nicholas Horseley, president of the Dairy Trade Federation, said distributors feared it might lower consumption, which began to strengthen last year.

Neither was surprised at the decision to de-control milk prices, which Mr Jopling said resulted from opening the market to imports.

"I do not think dairy farmers need necessarily fear the prospect of a freer market within the UK," said Sir Richard, but added that it highlighted the importance of Government decisions on EEC Commission proposals for changing the Community support system for milk.

Revenue staff to continue blacking computer scheme

BY DAVID BRINDLE, LABOUR STAFF

STAFF SENT home from West Midland tax offices for refusing to operate Pay-As-You-Earn computer equipment voted yesterday to maintain their stand.

A meeting of most of the 438 suspended staff voted by ballot by 379 to 20 to continue to black the pilot scheme of the computer system which, it is planned, will eventually be used throughout the Inland Revenue.

The decision by the Inland Revenue Staff Federation members from 14 West Midlands tax offices came in spite of the High Court ruling earlier this week against eight of them who had sought legal support for their action.

The staff were told, however, that the IRSF and the Inland Revenue were again talking about terms for a national new technology agreement. The union has been insisting on an agreement incorporating a "no redundancies" clause as a precondition for co-operation with PAYE computerisation.

According to the Inland Revenue Staff Federation, discussions on re-opening talks on an agreement were taking place before the court judgment was handed down and "negotiations are now being undertaken with great urgency on both sides."

The Revenue said however only that "exchanges are taking place." Yet it conceded that full face-to-face negotiations were likely next week.

It seems that the IRSF is still insisting on assurances on job security in any new technology deal. Mr Tony Christopher, the union's general secretary, repeated yesterday that computerisation would eventually affect thousands of members.

Following the West Midlands vote, he said: "What I hope now is that the (Revenue) board stop misreading the resolve of IRSF members given the disappointment of the judgment. This vote is a very significant message from them."

The Inland Revenue has to date refused to give a no-redundancies commitment on a system not due to come into operation fully until 1987 and—particularly in the wake of the High Court case—is unlikely to do so now.

Cleaners accept cut

UNION LEADERS representing school cleaners employed by Hertfordshire County Council have accepted a 20 per cent cut in pay after the authority had threatened to privatise the service. The council is also planning to scrap school meals provision.

Plessey 7% rise

A 7 PER CENT wage increase and improved sickness pay have been accepted by 1,500 hourly paid production workers at Plessey factories in Nottingham and Beeston.

John West offer

THE 130 workers on strike for the last four days at the John West food plant in Slater Street, in the north dockland area of Liverpool yesterday rejected the company's offer for negotiations if there was a return to work.

Strike at Clark's

ABOUT 4,500 shoe workers at Clark's—one of Britain's biggest footwear manufacturers—went on strike at all but one of the company's factories, in a dispute over piece working.

The action follows escalation of a dispute in Bath where 400 staff walked out on Monday complaining about a change in work routine.

Ilea rate raised by 3.9%

By Michael Dixon, Education Correspondent

RATEPAYERS in inner London are to be charged 3.9 per cent more for running schools and colleges in 1984-85.

This will help to fund a £43m increase—to £912m—in the Labour-controlled Inner London Education Authority's spending. The authority has power to set its own budget and collect the money through the Greater London Council from the City and the other 12 central boroughs.

The increase was approved yesterday by the authority's finance sub-committee. Ms Frances Morrell, Ilea leader, said it would pay for expanded opportunities for the children and young people who were most disadvantaged and discriminated against. Savings of more than £4m would be made elsewhere in the authority's service.

Ms Morrell claimed that the Government, which considers Ilea's spending excessive and is refusing grant support from Treasury funds, was defrauding the authority of £150m. Otherwise the charge to ratepayers could have been cut by 8 per cent.

Judgment reserved on Channel 4 film

MRS MARY WHITEHOUSE, campaigner to clean up television, must wait to learn whether she has succeeded in obtaining High Court declarations censuring the Independent Broadcasting Authority for allowing the late-night showing of the controversial film Scum on Channel 4 last year.

Lord Justice Watkins and Mr Justice Taylor yesterday reserved judgment in the case.

Duke's visit 'second insult' to Catholics

BY BRENDAN KEENAN IN BELFAST

THE Duke of Edinburgh's visit to an army barracks in Northern Ireland yesterday was described as "a second insult to the Catholic community" by a local politician.

The Duke visited the same barracks as Mrs Thatcher during her pre-Christmas visit to Northern Ireland.

Eight members of the Ulster Defence Regiment stationed at the barracks at Drumadd, South Armagh, are facing charges relating to the murder of local Catholics.

The army said the Duke went to Drumadd to see members of the Grenadier Guards stationed there. The Duke is colonel of the regiment. The one-day visit was a private one.

Mr Seamus Mallon, deputy leader of the Social Democratic and Labour Party, who represents the area, said a member of the Royal Family was being manipulated in a way meant to be highly offensive to Catholics. This second insult was "the British establishment saying clearly to the Catholic community that their safety, fears and attitudes count for nothing."

Anthony Moreton looks at the Japanese car company's shortlist

Nissan set to revisit possible car plant sites

ALTHOUGH NISSAN has a complete dossier on the eight sites which comprised the original shortlist of possible locations for its UK plant, it is believed the company will visit each one again in the next few weeks to bring its information up to date.

It is also expected that the eight will be reduced to a smaller, final shortlist and that these will receive a second visit in which more detailed questions of site, infrastructure, communications and availability of labour will be discussed.

It is still open for the company to add locations to its file, but given the time available before a decision is made—the company has said it will announce the site before the end of March—it is thought unlikely to go outside the eight.

Of the eight, three sites emerged as favourites the last time around: Llanwern, just outside Newport in South Wales; North Killingholme airfield, near Immingham in south Humberside and Sunderland airport.

The first two are in development areas and the third in a special development area. By choosing the Sunderland site Nissan would be automatically entitled to 22 per cent grants towards the cost of all new buildings and plant. In the other two sites it would get 15 per cent grants.

In addition it will almost certainly qualify for selective financial assistance under section 7 of the 1972 Industry Act. This package alone could amount to as much as £35m.

The three favourites are:

NEWPORT: The site lies between the M4 and the coast and backs on to British Steel's Llanwern works. BSC owns nearly 500 acres of the land.

However, since the original short-list was drawn up, South Wales has been hit by traffic restrictions on the Severn Bridge. Any amelioration is unlikely for at least five years. The nearest docks at Newport are approximately three miles away.

NORTH KILLINGHOLME: This comprises an airport site with some 4,000 acres available just north of A18. The road has recently been rebuilt to motorway standards and extended into Grimsby. It links directly to the M18, and the national motorway network, and across the Humber Bridge.

Although the site is owned by seven private holders two of them have 800 acres each, the amount originally needed by the company. The nearest docks are at Immingham about three miles away and at Grimsby approximately 10 miles distant.

SUNDERLAND AIRPORT: The land here is in four hands but two of them are the new town and Tyne and Wear County Council. The site is to the east of the A1(M) and convenient to the steelworks on Teesside to the south. Closest docks are at Sunderland at about two to three miles away.

The other sites are:

STOCKTON: An area at Ingleby Barwick, south of Thornaby near the A19 and next to the Teesside industrial estate. Some 1,750 acres are available, largely in the hands of one developer. Nearest docks are at Teesside.

There is a second site in the area west of Eaglescliffe and south of a new section of the A66 with 1,200 acres available, in three or four hands. The nearest docks again are at Teesside.

STALLINGBOROUGH: A site of over 800 acres, near to the other South Humberside location, north of the A18 and mainly in the hands of two landowners. Nearest docks are at Immingham and Grimsby.

CARDIFF. A small site of 230 acres at Wentloog, owned by the county council between the M4 and the coast with another 710 acres likely to be available. There is a good pool of labour available and the nearest docks are at Cardiff.

SHOTTON: This comprises a site on Deeside, where some 1,800 acres are available. It is the farthest of the sites from motorway network but nearest to main component suppliers. The closest docks are at Ellesmere Port.

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Minister sets target for airport growth

THE British Airports Authority has been told by the Government to cut costs and attract more business, Mr Nicholas Ridley, the Secretary for Transport, said in a Commons written reply yesterday.

He said the BAA should boost its rate of return by 3 per cent a year, allowing for a rise in the number of passengers passing through airports. Mr Ridley said the BAA had agreed to these targets, which covered the years 1983-84 to 1985-86.

The Minister added: "If these objectives are met, they should lead to an improved performance by the BAA in terms of increased profits and productivity."

Dodington Park sold

MR MICHAEL KENT, a Bristol property magnate, confirmed yesterday that he was the buyer of Dodington Park, the stately home on the Avon, Gloucestershire border, which has been the seat of the Codrington family for over 400 years. The present owner, Sir Simon Codrington, still lives on the estate.

TUC sets the scene for trade-off between wage rises and more jobs

John Lloyd reports on the difficult task of selling an unpopular plan

THE DELICATE question of trade-offs appeared in the speech yesterday by Mr Len Murray, the TUC general secretary, to the TUC conference on working hours.

The trade-off is between income and jobs: lower wage rises in return for more employment. It was a typically realistic comment by Mr Murray that such a trade-off is likely to be necessary if jobs are to be created — indeed, employers and Government are likely to start from the demand that present wages be cut to pay for such measures.

Mr David Lea, the TUC's assistant secretary, underlined Mr Murray's argument with international comparisons. In France, Belgium and the Netherlands, "solidarity contracts" have created, or saved, significant numbers of jobs — some 100,000 in France, for example and 30,000 in Belgium.

These contracts are agreements between companies and Government that more workers will be hired as hours are cut —and in many cases, a wage cut has accompanied the exercise.

Indeed, in France, M Edmond Maire, the leader of the socialist-inclined Confédération Française Démocratique du Travail publicly and repeatedly called for wage cuts to finance greater employment, at the expense, apparently, of some popularity. His union's share in recent election dropped sharply. Mr Murray has not gone nearly that far — but he has admitted the principle that one leans on the other.

By contrast, Herr Ernst Breit, the president of the West German union federation, the DGB, gave an uncompromising address to the conference on the German unions' forthcoming onslaught on the working week. Noting that unemployment stood at 2.5m, and was forecast to reach 4m by 1990, he called for a 35-hour week, strong economic growth and the "social control" of new technology. "1984 is the year of shorter working time," he said.

He conceded that a 35-hour week would not feed through into automatic employment gains: previous experience had taught the unions, he said, that some 50 per cent of the reduction is "absorbed through rationalisation and organisational measures."

However, the 50 per cent that would translate into more employment would create about 1.4m jobs in West Germany—a considerable prize.

He brushed aside the employers' argument that such a cut would be prohibitively expensive with the equally familiar response that such cries of wolf had been heard before. "Introducing the 10-hour day was already said to mean the imminent ruin of the German economy. This happened last century."

He called for annual increases in productivity to finance working time reductions rather than "going into the employers' cash box."

The TUC stressed the international dimension to part because it hopes that the powerful West German metalworkers, I G Metall, will break through towards the 35-hour target in its spring wages offensive and set a precedent: in part because the European TUC has co-ordinated a drive on shorter working time for the past five years, with some success.

The British disease in this context—as Mr David Basnett, general secretary of the General Municipal and Boilermakers Union and the conference chairman, reminded the audience—is high levels of overtime, much higher than on the Continent.

Union leaders face the difficult task of trying to sell to their (employed) members a strategy which will mean giving up overtime, and much needed extras in order to assist the unemployed. That is the logic of the TUC's position.

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Drifting towards the March Budget

LONDON

ONLOOKER

The equity market lost some of its enthusiasm this week, with prices drifting downwards in light trading for the first four days and taking the FT Actuaries All Share Index back below 500. Yet any fears that this new account marks the beginning of a serious reversal are unfounded.

The market rallied yesterday and equity prices will probably be becalmed for a while. Analysts are now looking towards the forthcoming Budget and wondering what stance Mr Lawson will adopt. It seems unlikely that institutional investors will be committing large sums of cash to chasing share prices until they have seen the Budget and also until they get a clearer picture of the likely flow of new issues.

Cash flow is already being earmarked for the Reuters flotation and of course the string of Government privatisations will mean that investors could be writing out some very large cheques later this year. And when will the rights issue queue spring to life? There have been a couple of small ones this week but still the total for the year can be counted on one hand. With prices at current levels some finance directors must be sorely tempted to tap the market.

John Brown

The strains of John Brown's financial predicament have finally caused it to give up on the machine tools industry. Its division was once a world leader and described as the jewel in Brown's crown, but lack of capital investment in new technology has left the business crippled and loss making.

The move is part of the engineering group's latest corporate plan for survival and recovery, and will leave it concentrating on three core businesses—process plant engineering and construction, plastics machinery and what it has labelled developing technology. The hope is that by the year to March 1986 profits will again be seen.

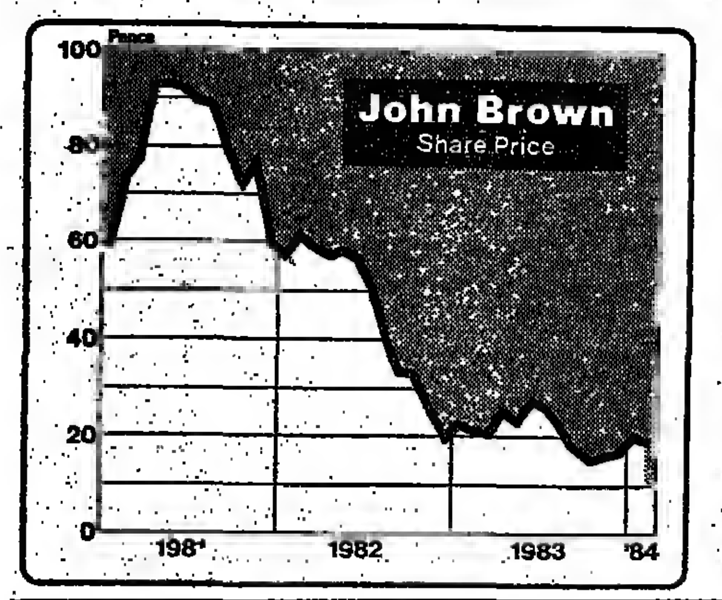
The *decline in Brown's fortunes* has been surprisingly rapid. At the end of the seventies the group was financially sound with cash in the balance-sheet. It then embarked upon a major U.S. acquisition programme. Three companies were bought at a cost of $150m, most of which was financed by dollar debt.

The acquisitions were made just in time to be clobbered by the U.S. economic downturn, while in the UK its traditional activities were suffering from the recession. Weighed down by debt, Brown's trading performance dipped into the red and there were some suggestions from outsiders that receivership would be the best way out.

Brown was faced with the choice of selling off good parts of the business to bring down its debt, or of divesting the least attractive operations at a loss and living with a much reduced capital base. With its bankers holding its hand Brown has been able to follow the latter route which, with a following wind, should lead to a viable future.

The cost of walking away from machine tools after 37 years is an extraordinary provision of £36.8m. With marginally lower trading losses of £9m in the six months to last September, *attributable losses* of £46m have cut a swath through the group's equity base, leaving it at £40m overwhelmed by borrowings of £130m.

Over the next two years, proceeds from asset disposals should halve that burden of debt to around £65m while shareholders' funds are slowly pumped up to £55m. By then the chairman, Sir John Cuckney, is forecasting that Brown will be making profits again. He might at that point be tempted to turn to his shareholders for fresh equity capital to complete the recovery.



Farewell Erlanger

S. & W. Berisford has also demonstrated the need to bid farewell to problem areas this week. With losses up from £3.5m to £21.2m at its U.S. steel group, Erlanger Tubular Works, Berisford has called it a day and is selling the U.S. business with a £23.5m below-the-line write-off as Erlanger's parting gift.

The disposal proved to be the main feature in an otherwise uninspiring full-year performance. Even though British Sugar made its debut as a fully-consolidated subsidiary for 12 months, overall group profits barely budged with a £894,000 rise to £55.6m.

That was well short of outside estimates but Berisford has always been a hard nut for the analysts to crack. The volatility of commodity trading plus a tight-lipped stance by the directors has generally seen to that. If nothing else the figures this week prove that, despite diversifications, the group is still an unpredictable commodity trader that will keep the market guessing.

Merchanting and trading activities chalked up a substantial jump in turnover, partly because of the influence of the dollar, but still profits on this side dipped by £7.2m to £33.2m.

British Sugar, for its part, was also slightly disappointing. Its contribution to operating profits was £76.9m against £13.4m for two months as a subsidiary last time and £21.4m as an associate. On a like for like basis, however, there was a marginal drop in trading profits despite a record sugar beet crop.

Yet if the year to September 1983 looks disappointing the share price held steady on the hope that 1983-84 will produce something more respectable.

While the disposal of Erlanger to Real Steels of the U.S. will not actually be completed until next month Berisford stopped carrying Erlanger's losses from the beginning of last July. So the current year has over £20m of loss elimination built in before it starts. Also the $51m (£36m) which Berisford will receive for its former tubes business will chop down the interest bill.

As for the more positive aspects, namely the business which will still be there, British Sugar seems likely to be flat again. Guessing what profit Berisford may make out of commodity trading is a dangerous game, but it is probably right to feel fairly relaxed about that core business this year while oil and gas exploration is still largely an unknown quantity.

So pre-tax profits may climb to £80m or more this year dropping the fully taxed prospective p/e to under 10.

Miller's tale

Nottingham Manufacturing is no closer to getting control of F. Miller, the children's clothing manufacturer whose long-standing relationship with its major customer, Marks and Spencer, has taken a very nasty knock.

Apart from Miller's directors and a handful of small shareholders nobody seems very keen on Nottingham's terms: even Miller's stockbrokers have rejected the price. Nottingham has a reputation of driving a hard bargain but the equity swop, valuing Miller at £11.3m, is penny pinching by any standard.

The background to the bid is the changing attitude to textile *buying within Marks* which takes over 90 per cent of Miller's output. The retailer expects its suppliers to come up with the right design as well as the right quality and in the last couple of years Marks has become far more fashion conscious. Gent, for example, which supplies lingerie and outerwear has struck just the right balance for Marks in terms of design and product efficiency. Hence Gent is the stock market's blue-eyed boy.

Miller is quite clearly not M & S's blue-eyed supplier. When Miller told shareholders that profits for the year ending this month would be down from £2.4m to £1.8m after a decade of steady growth, they were stunned.

It then emerged that Marks is cutting back on its orders with Miller. The only fact clarified is that the manufacturer will lose 30 per cent of its orders later this year, though the profit figures suggest Marks is already shrinking its offtake. High throughput is critical to Miller's production line.

Marks may also have been concerned over management succession at Miller.

So along comes Nottingham with a cheap bid that will probably fail. If Miller remains independent—though a white knight may still be mounting his charger—there is a lean time in prospect while management and design capabilities are reshaped. The balance-sheet could stand up to that and a steady stream of income from leasing activities will partially underpin the profits line. There is, of course, a risk that Miller will not be able to reclaim favour with Marks but it is not one that looks too frightening for shareholders.

Oil sector

Britoil has been seeking U.S. production facilities ever since last year's asset swap with Amerada Hess left it with an imbalanced tax position in the States. So this week found Britoil spending $83m (£59m) on U.S. oil and gas assets. The deal involved the lion's share of Amax Petroleum's production assets.

So armed, Britoil will be able partly to offset its exploration expenses against production profits, though it will take another deal of similar size before the British group will have fully sheltered its U.S. exploration activities.

Perhaps more important for the market was to see what sort of price Britoil would pay for oil reserves in its first major deal since it was privatised. The Amax deal works out about $8 per barrel—hardly a bargain but no more than the average for this type of asset.

Bermuda-based and London quoted exploration group, Weeks Petroleum found itself on the receiving end of a market raid this week. Stockbrokers Vickers da Costa stood in the market and paid just over 500p a share for a 25 per cent stake. Although the buyer was not initially named all eyes immediately focused on Australia—and lo and behold Mr Robert Holmes à Court's Perth-based Bell Group was later identified as the purchaser.

His ultimate intentions remain shrouded in mystery but some analysts in London were discounting any thoughts of a full bid. More likely, they believe, is an attempt by the Aussie entrepreneur to detach Week's 51 per cent owned Australian subsidiary.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1983/4 High	1983/4 Low	
F.T. Ord. Index	832.4	−7.1	840.5	598.4	Succumbs to Wall St indecision
F.T. Gold Mines Index	597.7	+66.2	734.7	444.6	Easier dollar boosts gold
Assoc. British Ports	278	+20	278	129	Southampton Freeport decision
Barratt Developments	184	+18	276	162	Revived demand
Berisford (S. & W.)	191	−20	218	156	Annual profits below estimates
Bio-Isolates	110	+22	435	63	Annual results due Feb. 14
Black (Michael)	56	+13	165	40	Bid from Highgate & Job
Cons. Gold Fields	570	+51	635	460	Firm bullion price
Fobel Intn'l.	114	+44	190	64	Speculative demand
Gerrard & National	307	−30	340	161	Bid talks terminated
Hales Properties	210xd	+71½	225	74	Belgrace (Blackheath) bid
Hogg Robinson	175	+22	176	93	U.S. bid speculation
ICI	600	−30	660	350	U.S. selling
Lloyds Bank	563	−44	613	395	Budget tax fears
Minster Assets	140	+16	140	77	Revived bid speculation
Oil & Assoc. Inv. Tst.	160	+26	164	76	Bid from Cluff Oil
Powell Duffryn	332	+22	348	215	Hanson Trust stake
Rowntree Makintosh	244	−16	260	200	Fading bid hopes
Walker (James) N/V	114	+37	114	32	Bid approach
Weeks Pet. (B mda.)	462xd	+69½	500	90	Bell Group acquires 25% stake

Days of technical analysis

NEW YORK

TERRY DODSWORTH

"TECHNICAL ANALYSIS" is one of those wonderful serviceable catch-all phrases which Wall Street gurus can always fall back on when they are lost for a more convincing explanation of the market's behaviour. It *has been much on the lips* of stock market aficionados this week. Wall Street is abuzz with activity, regularly knocking up trading totals of well over 100m shares a day. But the leading indices are patently not going anywhere but down. Indeed, one or two harbingers of doom have suddenly piped up this week to announce the death of the great bull market of 1982/1983.

Rather than support this notion that the market is now stumbling away from its peaks, the technical correction camp believes that the bull is still alive and kicking, but needs a bit of time to chew the cud. Block trades, for example, have been running at an extremely high level over the past few weeks. This trend is advanced as evidence of relatively neutral institutional activity as the big funds rearrange their portfolios, but fail to bring much new money into the market—net institutional cash flow is said to be low at the moment.

One attraction of this view is that the underlying factors which sent the Dow Jones Industrial Average to near-record heights just after Christmas remain more or less in place. Take this week. It has been dripping with market sensitive news. But virtually all of the news events produced information that had already been digested by the markets. Nothing really changed.

President Reagan, for example, announced his candidacy on Sunday, just as everyone thought he would. His folksy, Uncle Sam style, however, left the markets yawning. They know their man so well now that their main political antennae are now directed elsewhere, towards the Democrats. Then on Wednesday, Mr Reagan sent his Budget to Congress, and Wall Street let out an even greater yawn. It could see nothing new to get excited about, nothing to add any pep to corporate performance, and plenty to leave uncertainty hanging over the public sector's funding requirements.

Even the news from the real economy has had a predictability—or a neutrality—that has left the markets unmoved. The leading indicator figures, factory production and housing sales all indicated that the recovery has slowed slightly, but is by no means dying on its feet as some monetarists had feared.

But while these figures suggest that profits will still be carried along strongly by the rising tide of the recovery, will the upturn be firm enough to hold up the equity market? This is the unanswered question for the technical correctionists.

The overall stagnation of the market has knocked the DJIA back by about 75 points since early January, to the level it was last at in early November, and some pessimists believe it could well fall through 1200. The broader measure Standard and Poor's 500 Index has fallen since January 6 by less than the DJIA — by 3.9 per cent to 162.74, compared with 5.8 per cent, demonstrating the switch in portfolio management away from the industrial leaders that have led the way out of the recession to more specific choices and special situations.

There has been no shortage of the latter, either. The recovery of a number of depressed sectors, and the widescale balance sheet clean-up that has been forced on U.S. industry by the recession, is *spinning off a spate of take-over* and merger activity. Indeed, some market operators, notably Mr Ivan Boesky, Wall Street's best known arbitrageur, believes that the pace of this sort of reorganisation will be as fierce this year as in the 1960s.

The flood of takeovers last month must have been a strong factor behind the record number of shares traded—2.2bn against 2.07bn in October of 1982 in the full flush of the equity revival. Texaco's acquisition of Getty Oil, ferociously contested by Pennzoil, has been followed by Royal Dutch's bid for the outstanding Shell Oil equity. Mr Boone Pickens' raid on Gulf is still splottering along fitfully. And this week has seen yet two more Texan oilmen ride on to the stage.

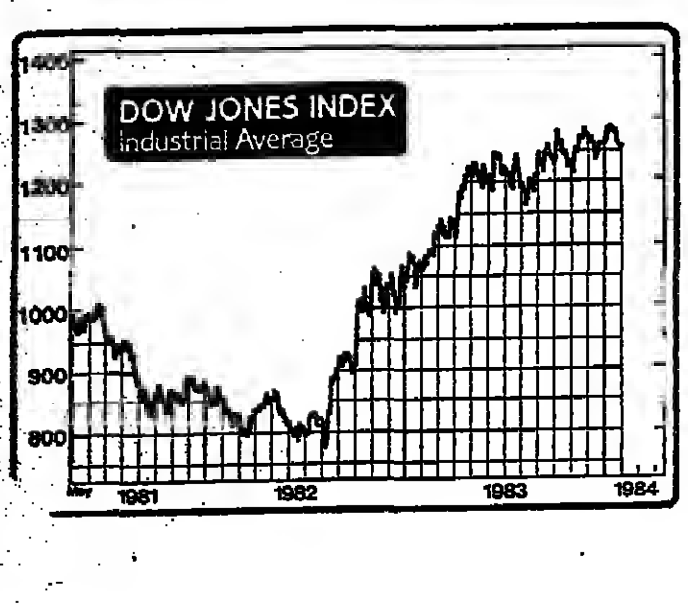
One of these new arrivals might have come straight from the bad-guy role in a "B"-rated Western. Mr Oscar Wyatt, chairman of Coastal Corporation, and the partial bidder for Houston Natural Gas, is reported to be one of the hardest men around in a rough, tough business. He used to wear a gun to work, and has been quoted as saying he was in business to win a "profitability contest," not a popularity contest.

The unfriendly nature of this neighbourhood battle — Mr Wyatt's Coastal is a local rival of HNG—would be impossible to miss. In its counter-attack, *Houston has thrown the whole* hook of takeover defence tactics at Coastal, launching a reverse takeover offer, threatening to sell itself to a third party, and suggesting it might buy in a substantial proportion of its own shares. Given Mr Wyatt's reputation, however, these shark repellants are unlikely to prove enough to prevent a good old Texan shoot-out over the next few weeks.

The second situation has propelled a far more obscure figure into the footlight. Mr Sid Bass probably ought to be better known than Mr Wyatt, since his family is reckoned to be the second wealthiest oil family in Texas, after the Hunts. But the Basses do nothing so vulgar as talk to the public about their riches, and they have been equally taciturn about their accumulation of Texaco shares —now up to almost 10 per cent. The value of such a stake is now around $1bn, and that sort of investment inevitably leads to speculation on Wall Street.

Away from oil, the week has brought further evidence of the restructuring of basic industry, with U.S. Steel's agreement to buy National Intergroup's steel business. The deal leaves National, one of the more illustrious old names of the industry, completely matamorphosed. Its business is mainly in aluminium and financial services. The way Wall Street perceives these different activities was amply illustrated by the reaction of the markets to the deal. National's shares rose $⅞ to $35 on the day, while U.S. Steel's lost $1¼ to $29¾. Yet National's return for the sale will be a mere $575m, of which only $350m will be in cash, for production capacity which would probably have cost U.S. Steel $12bn to build from scratch.

MONDAY	1,221.52	−8.48
TUESDAY	1,220.58	−0.94
WEDNESDAY	1,212.31	−8.27
THURSDAY	1,213.88	+1.57



It's not all bad news

BY GEORGE MILLING-STANLEY

FOURTH-QUARTER and full-year results for 1983 from the big north American mining groups are starting to flood into this office now. They do not, in general, provide much in the way of good news.

That is more or less as expected. There were from time to time during the latter part of last year some improvements in metal prices, but these were nowhere near big enough to offset the damage that two years or more of historically low prices had done to the fortunes of the mining companies.

This week has seen disappointing figures from the likes of Cominco, Falconbridge, Hanna Mining, Amax and Phelps Dodge. That covers a fair spread of metals, and does not augur well for the companies which have still to report.

As a rule, the companies are not exactly bubbling over with enthusiasm for this year, either. Reports as to the spillover of the economic recovery from the consumer goods sector to capital goods are conflicting, and although everyone seems convinced that metal prices must improve soon, there is no hard evidence that this process has begun yet.

The award for the best performance of the week must go collectively to South Africa's gold mining companies. The bullion price edged higher in midweek as the U.S. dollar depreciated against sterling and the other major European currencies, and gold mine share prices, as usual in this sort of situation, responded to excess.

Clearly, investors are banking on the possibility that the recent slight weakening in the dollar may be the start of the steep decline in that currency's value which many people have been predicting.

Apart from that, the gold share market had seemed becalmed at around the same level for some considerable time, and had almost been looking for an excuse to move upwards.

This week's buyers seem to be forgetting that commentators have been emphasising the point that the recent level of gold share prices was already illogically high, discounting a gold price somewhere between $50 and $100 per ounce above the present level.

If the current weak spot does not prove to be the start of the dollar's long-awaited sharp fall, the consequences for the present somewhat nervous gold share market do not bear contemplating.

Fundamentals have a nasty habit of reasserting themselves, just when it seems that they have been forgotten. Any analysis of the fundamentals of the gold share market will show that most prices were already too high, even before this week's jump.

The only really good news this week came from two rather unexpected sources, South Africa's Prieska Copper Mines and the Argyle diamond joint venture in Western Australia.

Ownership of Prieska, a copper-zinc mine in the remote north-west Cape region, is split between Middle Witwatersrand (Western Areas) and the Anglovaal group of South Africa with a joint 51 per cent, and U.S. Steel with 47 per cent.

The mine is expected to close towards the end of next year, after being in production since October 1972, and this week it declared its maiden dividend. The payment is an interim of 10 cents (5.7p) for the year to June 30.

The declaration has confounded the expectations of mining analysts, many of whom had come to believe that Prieska would never pay a dividend. The announcement of impending closure a couple of years ago merely served to reinforce that belief.

The report from Argyle covering the quarter to December was encouraging in a different way. This project is still only in its infancy, and looks forward to a life of at least 20 years. The latest quarterly report suggests that it has got off to a better start than was expected.

Diamond output in the first year of operation was comfortably ahead of the target of 5m carats, with the December quarter's 1.99m carats bringing the full-year total to 6.2m carats.

The bulk of these stones are of the lower value industrial and cheap gem grades, so there should be no hopes of enormous profits from the venture. Nevertheless, the results do suggest that the alluvial gravels which are being worked as the first stage of the project are producing a grade of nearly 6 carats per tonne of ore, against the original forecasts of around 4 carats.

Mining of the alluvial deposits will overlap with the second phase of the Argyle project, which covers extraction from the big kimberlite pipe AK1. This will come on stream in early 1986, and will lift the venture's annual output to something like 25m carats, about half of current world production in volume terms.

The best of the news from Argyle is that construction work has begun on the AK1 site, with the first contract, worth A$60m (£50m), placed with Roche Brothers. This contract involves the removal of a razor-back ridge and a total of 20m tonnes of overburden from the site.

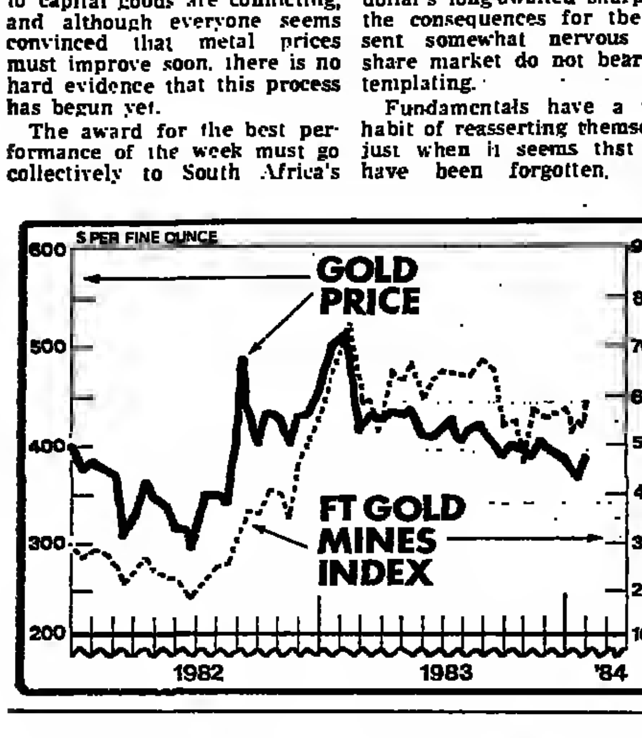
The treatment plant is being prepared, and some of the vital services for the mining operation are already in place, including an aeroplane shuttle service from the town of Kununurra. The contract for the proposed shuttle from Perth is yet to be placed.

This rate of progress, especially in the face of Australia's rainy season, the notorious "wet," is commendable.

The participants in the venture are CRA, the Rio Tinto-Zinc group's Australis arm, with 56.8 per cent, Ashton Mining with 38.2 per cent and Northern Mining, now controlled by the government of Western Australia, with the remaining 5 per cent.

The same companies are also partners in the Ashton Exploration joint venture, which has pegged huge areas of the Kimberleys region where Argyle is situated for exploration purposes.

The report on the exploration venture simply states that nothing of significance has been found. The world diamond market will no doubt breathe a sigh of relief at the news that it does not yet have to face a further huge increase in production from an area which even Mr Harry Oppenheimer, the leading force in the industry, has described as promising.



UK CONVERTIBLE STOCK 4/2/84

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates ♧	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div▽	Cheap (+) Dear (−) ◇ Current
British Land 12pc Cv 2002	9.60	368.50	333.3	80-92	3.3		−2.2	−7 to 2	45.3	65.6	8.4	+7.8
Hanson Trust 9½pc Cv 01-06	81.54	267.50	160.7	85-01	3.7	0.2	−3.2	−12 to −1	106.6	74.4	−11.6	−8.4
Slough Estates 10pc Cv 87-90	5.03	260.50	234.4	78-85	3.9		−8.1	−12 to −4	18.6	9.3	−3.5	+4.9
Slough Estates 8pc Cv 91-94	24.72	119.50	97.5	80-89	6.7	4.9	1.3	−3 to 3	26.6	30.0	2.9	+1.6

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ♧ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Selling the silver

BY OUR LEGAL STAFF

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Your answer to "Silver," December 24th 1983, issue is not quite clear, concerning Capital Gains Tax.
If my parents have (A) ten individual chattels, each sold for let us say £2,500 per item, would there be no CGT to pay? (B) If they also have another £35,000 would they have to pay CGT on (i) the £35,000 with the £5,300 exempt or (ii) just the excess, in which case they would still be exempt as there would be an allowance of £5,300? (C) CGT on the value of the twenty items i.e. £60,000, less the allowance?

Personal chattels which, at the time of disposal, have a predictable life of only 50 years or less (as predictable at the time of acquisition) are exempt from CGT.
Chattels with a predictable life of 50-years-and-a-day or more, are only exempt from CGT if sold for £3,000 or less.
Where chattels (with a predictable life of more than 50 years) are sold for more than £3,000, the chargeable gain is limited to 166.6 per cent of the excess over £3,000.
Chattels which form a set (e.g. a pair of candlesticks) are lumped together in applying the £3,000 rule.
This is necessarily only a broad outline of complex legislation, but we hope it will cover the situations you have in mind. The rules are quite arbitrary, as you see. If you want to look up the legislation (in the City Business Library), you will find it in sections 127 and 128 of the Capital Gains Tax Act 1979 (as amended), in volume G of Simon's Taxes, for example.

Closing a lane

I was interested in your answer to an enquiry for a land-locked house (an Easement of Necessity, November). I am concerned in a somewhat similar problem from the other side.
A lane and public footpath running across my land leads to an old cottage, derelict for some years, and until June, 1965, in the same ownership as my house. At that date the common owner sold my house, subject to a right of way for wheeled vehicles for the occupants of the old cottage, provided that the latter paid a contribution to the cost of maintenance "proportionate to user." The cottage remained empty until April of last year, when a new owner bought it and proceeded to use the lane for frequent journeys, many of which involved the transport of building materials. The surface of the lane has therefore suffered considerably. I have continued to maintain the lane, and have had new tarmac laid, at considerable expense, but the new owner seems reluctant to pay his share.
If I close the lane to wheeled traffic because of his refusal to pay can he then claim an easement of necessity?

The owner of the cottage cannot claim an easement of necessity when he already has an easement created by grant. He is not obliged to use the easement, but if he does he will be required to pay to you the appropriate contribution for upkeep; and you can bar his way until he contributes: see the case of *Halsell v. Brizell* 1957 Ch. 169.

Enjoy your coins

I have in mind the investment in Krugerrands. Could you comment on the taxation treatment of any capital gain I might make?
A gain from a similar investment some time ago was treated as capital but I am mindful of the Court's decision in the Norman Wisdom Silver case which was contrary to this treatment.

It is a pity that you seem to have missed our replies to Krugerrand questions. Over the past couple of years, Krugerrands have been mentioned in replies published in our Finance and the Family column on January 2 1982 and in our Business Problems column on April 7 and September 1 1982, and November 16 1983.
In deciding whether to assess you to income tax on any profit which may arise upon the sale of the Krugerrands you plan to buy, your tax inspector will probably have regard to the number of identical coins which you buy, the frequency of purchases and sales, whether you take delivery in this country, whether any coins have been sold at a loss, and whether the cost of the coins could alternatively have been applied in reducing any indebtedness. A point which might well be considered by the General Commissioners, in any appeal against an income tax assessment, is whether there is evidence that you enjoy looking at your coins and showing them to your friends, perhaps.
The current public debate about the borderlines between investment and an adventure in the nature of trade (in the context of offshore funds, authorised unit trusts, etc.) may well encourage inspectors to make income tax assessments in more grey areas than hitherto, leaving the final decision of fact to the General (or Special) Commissioners on appeal.

Selling a pair of guns

During the current tax year I have sold a pair of shot guns for the sum of £4,000. They were bought on May 27 1965 for £850 and new barrels were fitted on October 11 1976 costing £1,080 making a total cost of £1,930 and a capital gain of £2,070—this amount I assumed would be subject to CGT providing of course that my overall gains in the current year exceeded £5,300 or that no CGT would be payable providing any other equity gains did not exceed £3,230 (ie, £2,070 + £3,230 = £5,300).
Your item "Selling the Silver" (December 23) has however created a doubt in my mind as you state "chattels worth less than £3,000 are exempt from CGT and while the balance over £3,000 is chargeable, etc."
If the above is correct how would it effect the CGT position on my guns?

It is a pity that you did not say when you sold the pair of guns. If the bargain was struck last April, the chargeable gain will be as follows (subject to the £5,300 exemption):

	£
Proceeds	4,000
less: 106.1% of £850	902
	3,098
less: Relief under s.128(2), CGTA 1979	1,432
166.66% of (£4,000 − £3,000) =	1,666

If the bargain was struck in November, the calculation will be as follows:

	£
Proceeds	4,000
less: 109.1% of £850	928
	3,072
less: Relief under s.128(2), CGTA 1979	1,406
166.66% of £4,000-£3,000 =	1,666

The calculations for intervening months would differ, but would similarly produce a chargeable gain equal to one-and-two-thirds times the balance over £3,000.
If you had sold the guns for £3,000, there would have been no chargeable gain; if you had sold them for £3,002, there would have been a chargeable gain of £3; and so on. CGT is levied according to arbitrary rules, with looking-glass logic: it is effectively a tax on mathematical differences.

Dollar bonds and CGT

Between selling and buying U.S. dollar bonds through Bache Halsey Stewart Shields Inc., the U.S. stockbrokers in London, we sometimes use their "parking funds" which are Bache International Money Fund and Chancellor Government Securities Trust, the units of which are constant in value but income is paid. These funds are not defined as banks but I am in doubt as to whether any currency gains arising between buying and selling units in dollars prior to reinvestment in dollar bonds would be subject to capital gains tax, although if the between investment deposits remain in our account with the broker I understand that CGT is not payable on currency gains. Could you please advise me?

Units are chargeable assets although, as you say, accounts with companies and partnerships (other than banks) are not. The distinction is quite arbitrary, as so often in CGT law.

Refusal of rent

I live in a large block of flats built around a garden square. On two sides of the square there is a private road. Mine is one of the few flats that does not face the road but onto a public road.
Some time ago the residents' association, it seems, decided to put barriers at each end of the private road to prevent commuters from parking, taking up space wanted by residents/preventing big vehicle access. The barriers were installed. Now the agent acting for the freeholder in sending in his periodic bill for ground rent, etc., has included a bill for about £20 as my share towards the barriers. They say I am one of those "who obtain a benefit" from the gates.
I have refused to pay, arguing that I do not obtain a benefit as I do not park there; that the lease forbids parking in the private road; there are big notices at each end of the road forbidding entry; and that the local authority has said that the gates must be locked back all the time as emergency vehicles must be allowed access (It is doubtful that they could get through with cars parked there).
Now the agent has returned my cheque, including payment for all services listed but not including the gates, saying they do not accept part-payment and that court action will be taken. What please do you advise?

If you do not use the private road and in fact obtain no benefit from the barriers (and did not sign any document requesting their installation) you would be right to refuse payment. Moreover your tender of the rent is not part payment if the claim in respect of the barrier was separately notified to you. However, if the claim is in a general service charge a different question arises which depends on the provisions in your lease relating to service charges, and on the safeguards provided by the Housing Act 1980.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel	§ 9 %
Henry Ansbacher	9 %	C. Hoare & Co.	† 9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co Canada	9 %
CL Bank Nederland	9 %	■ J Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered	‖ 9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings	¶10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank	* 9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5%. Fixed rate 12 months £2,500 8%. £25,000 12 months 8.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 5½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

No. 00300 of 1984
In the HIGH COURT OF JUSTICE Chancery Division. Mr Registrar Bradburn. In the Matter of INTERNATIONAL PAINT plc and in the Matter of The Companies Act, 1948.
NOTICE IS HEREBY GIVEN that by an Order dated the 27th January 1984 made in the above matters the Court has directed a Meeting to be convened of the holders of the Ordinary Shares of 25p each (other than those beneficially owned by Courtaulds PLC) of the above-named Company (hereinafter called "the Company") for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its said shares (other than aforesaid) and that such Meeting will be held at Henrietta House, 9 Henrietta Place, London W1 on Monday the 27th February 1984 at 11 am at which place and time all such shareholders (other than aforesaid) are requested to attend.
Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement Forms of Proxy and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act from the Registrars of the Company, Linden Registrars, PO Box No. 67, Bocking Church Street, Braintree, Essex CM7 5NE and at the office of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or a Sunday) prior to the date appointed for the said Meeting.
The said Shareholders (other than aforesaid) may vote in person at the said Meeting or they may appoint another person whether a member of the Company or not as their Proxy to attend and vote in their stead.
In the case of joint holders the vote of the Senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
It is requested that forms appointing proxies be lodged with the Registrars of the Company, Linden Registrars, PO Box No. 67, Bocking Church Street, Braintree, Essex CM7 5NE not less than 48 hours before the time appointed for the said Meeting but if forms are not lodged they may be handed to the Chairman of the said Meeting.
By the said Order the Court has appointed Eric William Osmond or failing him Terence Brian Lemmon or failing him Peter Warland Groves to act as Chairman of the said Meeting and has directed the Chairman to report the result thereof to the Court.
The said Scheme of Arrangement will be subject to the subsequent approval of the Court.
Dated the 30th day of January 1984.
SLAUGHTER AND MAY,
35 Basinghall Street,
London EC2V 5DB.
Solicitors for the Company.

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Banking with the building societies

WILLIAM DAWKINS shows how you can manage your savings more efficiently by exploiting new services.

CONTROLLING a high bank balance can be almost as much of a headache as managing a low one.

At one end of the scale, you have to juggle to keep your balance high enough to avoid bank charges. At the other, you face the tedious business of shifting surplus funds lying idle in your current account to earn their keep at a building society.

If you fall into either category, an account that combines the convenience of bank facilities with the high interest rates paid by building societies could save you time and money.

A number of such accounts are available, the most recently introduced being the joint service unveiled last week by the Bank of Scotland and the Alliance Building Society.

To join the scheme, depositors must pay a minimum of £500 into an Alliance share account, where it earns 7.25 per cent net of basic rate tax. Funds will be automatically transferred to a Bank of Scotland account to preserve a balance of £350.

The bank account can be used in the normal way with a Bank of Scotland cheque book, a Visa card and with no charges for balances above £100.

Your bank balance will be checked daily by computer, and the moment it falls below £100, funds will be automatically transferred from the building society to top it up to £350.

Savers are allowed up to five standing orders and as many direct debits as they like free of charge. Salaries and other incomes are paid direct to the Alliance account.

The scheme underlines the pressures on the societies to pull in more standard share account business which pay lower rates of iterest than the long-term share account.

A back-to-front version of the same service waa launched last June by Bristol and West in conjunction with Standard Chartered Bank. Savers can elect to bave funds in excess of £150 automatically swept over from their bank account to earn interest at the building society.

Transfers are only possible once a month—as against daily with the Alliance—and depositors must start with at least £500 in their share account. However, the bank account only needs to be in credit to avoid charges.

The minimum transferable amount is £25 and the share account wil learn 6.25 per cent rising to the full 7.25 per cent share rate for balances above £500. Depositors get a cheque guarantee card and an unlimited number of free standing orders. No money can be moved back into the bank from the building society without your approval.

It is possible to set up your own "sweep" arrangement by asking your bank to switch funds from your current to deposit account at set dates. Nat-West has moved towards linking the two accounts together. It offers free banking to customers who either keep more than £100 in their interest-free current account, or hold more than £500 in their interest-bearing deposit account.

Clearly, automatic sweep arrangements can be a convenient way of maximising the earning power of surplus funds for people who use their cheque books frequently. They diminish the need to keep an eye on a constantly fluctuating bank balance.

But those who write only three or four cheques a month and prefer to pay for most things with plastic money would probably earn more interest from an ordinary building society savings account with a cheque book facility.

Six major building societies now offer cheque books, although the terms are all slightly different and it is worth shopping around for the best deal.

The Halifax, Britain's largest building society, has been running a cheque system since 1909 when it used to own a bank. Its deposit cheque account earns 6 per cent, and the minimum starting balance is £200, with free banking in conjunction with Barclays so long as you stay in the black thereafter.

Depositors do not get a cheque guarantee card because the Halifax prefers the account to be used as an occasional bill-paying service.

If you are looking for frills, the Leicester has attached e comprehensive package of them to its chequebook and guarantee card introduced in conjunction with Citibank two years ago.

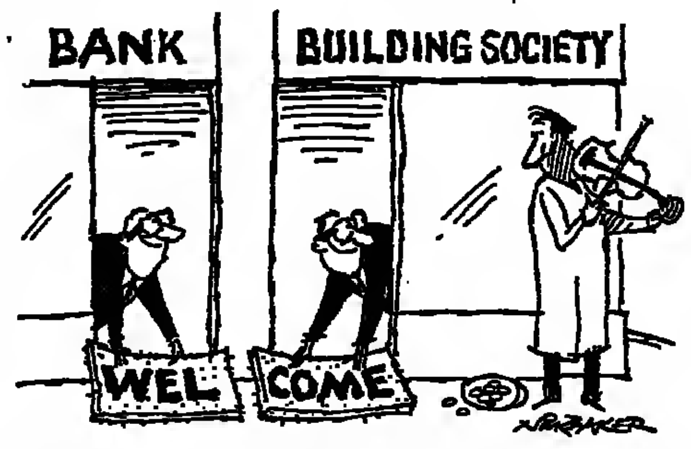
The starting balance is only £100—but the account earns 6 per cent with a 10p a cheque charge. A Leicestercard account will entitle you to a line of credit from Citibank and discounts of around 10 per cent at 11,000 High Street retail outlets, including MFI, W. H. Smith, H. Samuel and Burton.

Other benefits include commission-free dollar and sterling travellers' cheques from Citicorp and the ability to withdraw cash from any of Britain's 20,000 post offices.

The Leicester is also one of the three societies (with the Halifax and the Peterborough) which offer their own automatic cash dispensers. Five societies, including the Alliance, give the same service via the Visa card system which unlike the others charges 1.5 per cent on the amount withdrawn.

A COMPARISON OF BUILDING SOCIETY SERVICES

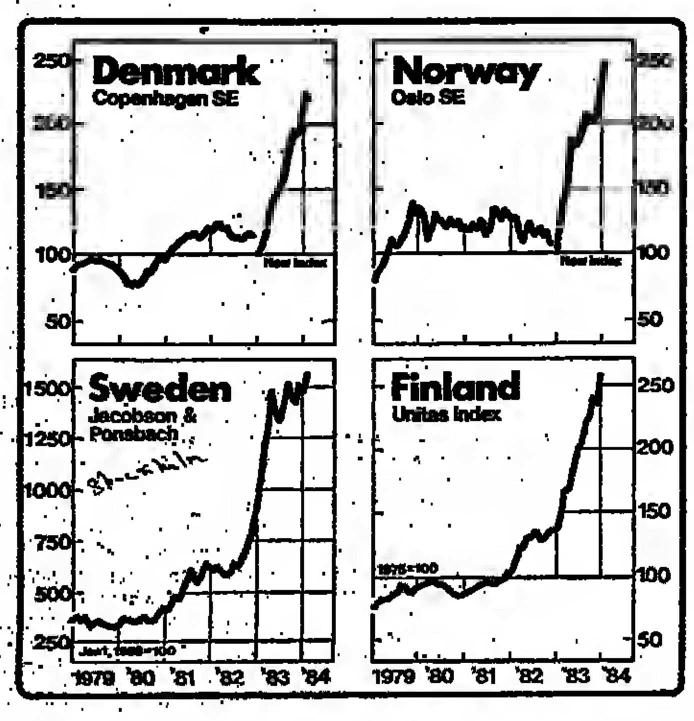
Account name	Alliance (Bank of Scotland) Banksave	Bristol & West (Standard Chartered) Moneylink	Abbey National (Co-op) Cheque-save	Halifax (Barclays) Deposit cheque	Leicester (Citibank) Leicestercard	Nottingham (Bank of Scotland) Homelink
Investment qualification for free banking services	Initial £500 at least £100 thereafter	Current acc in credit, share acc: £500	£100	Initial £200, in credit thereafter	Initial £100, £10 per month thereafter, no free banking—10p per cheque	Minimum £1,000, £4,000 for free home computer link
Net interest on savings	7.25%	First £500: 6.25% Over £500: 7.25%	First £2,500: 6% Over £2,500: 7.5%	6%	6%	7.25%
Full cheque book facility	Yes	Yes	Yes	Yes	Yes	Yes
Full standing order and direct debit service	5 standing orders	Yes	No	Yes	No	No
Cheque guarantee card supplied	Yes	Yes	No	No	Yes	Yes
Regular statements	Two-monthly	Quarterly	Annually	Annually	Monthly	On TV screen
Automatic savings transfer option	Yes	Yes	No	No	No	No
Credit card available	Yes	No	No	No	No	Yes
Overdraft facilities available	Yes	Yes	No	No	Loans only	Yes



WORLD STOCK MARKETS

How the moneymen discovered the north

Continuing a series, DAVID BROWN looks at the four Scandinavian markets.



THE FOUR Nordic stock markets led the world in a year of explosive growth, starting with Copenhagen (up 110 per cent) and Oslo (up 91 per cent) and followed by Stockholm (65 per cent) and Helsinki (64 per cent).

By far the biggest of the four is the Stockholm Bourse, with a total market capitalisation of about SKr 242bn. Its largest sectors are engineering (SKr 70.5bn), construction and housing (SKr 40.5bn) and forest products (SKr 29.2bn).

Stockholm has made the transition from a quiet backwater of part-time trading into a world-class exchange in a matter of a few years. Turnover has exploded from SKr 2bn in 1978 to SKr 78bn last year.

The spectacular upturn was sparked partly by the introduction of a new government tax break on share investments which drew thousands of small investors onto a market that had been dominated by institutions. Today, among Sweden's 3.3m households, are 1.7m small shareholders. At the same time as they were buying, Swedish firms were diversifying rapidly overseas.

Corporate profits in 1983 were the highest in a decade, but are subject to a new surtax.

In the middle and late part of 1982, foreign demand began to build up. The top three companies, of a total 150 listings, have wide international recognition: Ericsson (SKr 15bn market capitalisation—share value last year up 18 per cent), Volvo (SKr 14.5bn—up 60 per cent), and ASEA (SKr 13bn—up 126 per cent).

Paradoxically, the controversial wage earner funds financed from company profits may stimulate further growth at least in the short term. These union-controlled funds are expected to draw some SKr 2bn per year on to the market by 1990.

The funds are limited to holdings of 40 per cent in any company, but this is well above what is needed for effective corporate control. The funds could buy up to 7 per cent of the total market in the next five years. This may have a negative effect on share prices, because of concern about growing union influence.

Since last January, the government has imposed a new turnover tax of 1 per cent of a transaction value, to be divided equally between broker and client. Bilateral tax treaties mean the nominal 30 per cent withholding tax on dividends is cut in practice to, say, 10 per cent in the case of UK residents. Capital gains tax is not levied on foreigners.

On an SKr 5m transaction, the commission is about 0.25 per cent. This is added to the half percentage point turnover tax. The Government is proposing to deregulate the fixed commission system this spring.

Copenhagen, the second largest exchange with a total capitalisation of some DKr 108bn, topped the years' growth list. With better corporate profits, new tax laws, and lower effective yields in the traditional dominant bond market, an increasing number of investors, both individuals and institutions, are moving into stocks.

Top sectors include industrials (DKr 45.2bn), banking (DKr 20.7bn) and shipping (DKr 16.7bn).

The top three listings (out of 215 companies) are Novo (DKr 11.8bn), 1912 (DKr 8bn) and Svendborg (DKr 6.6bn).

There were DKr 2bn in new issues last year, a figure many brokers are convinced will double over 1984. Of this DKr 1.6bn was from listed companies, and the remainder from the 12 new companies that came onto the market. Institutions are the dominant force, and include social and pension funds, insurance and investment companies. Only an estimated 5 per cent of all Danes own shares.

The Oslo Exchange, which fell 11 per cent in 1982 climbed steadily in 1983. The largest companies, in terms of market value, are Norsk Hydro (NKr 9.88bn), Norsk Data (NKr 3bn) and STK (NKr 1.8bn).

Turnover exploded from NKr 1.7bn in 1982 to NKr 7bn last year, as an increasing number of institutions and individuals were drawn onto the exchange. New changes in the tax law are expected to bring more family-owned companies onto the market this year.

The Helsinki Exchange—with a total share capitalisation of FMk 24bn (bonds FMk 13bn)—is the smallest of the four Nordic markets. Bonds made up 78 per cent of the total turnover in 1982, but only about 40 per cent last year.

The two largest commercial banks are the dominant dealers, accounting for over 50 per cent of turnover.

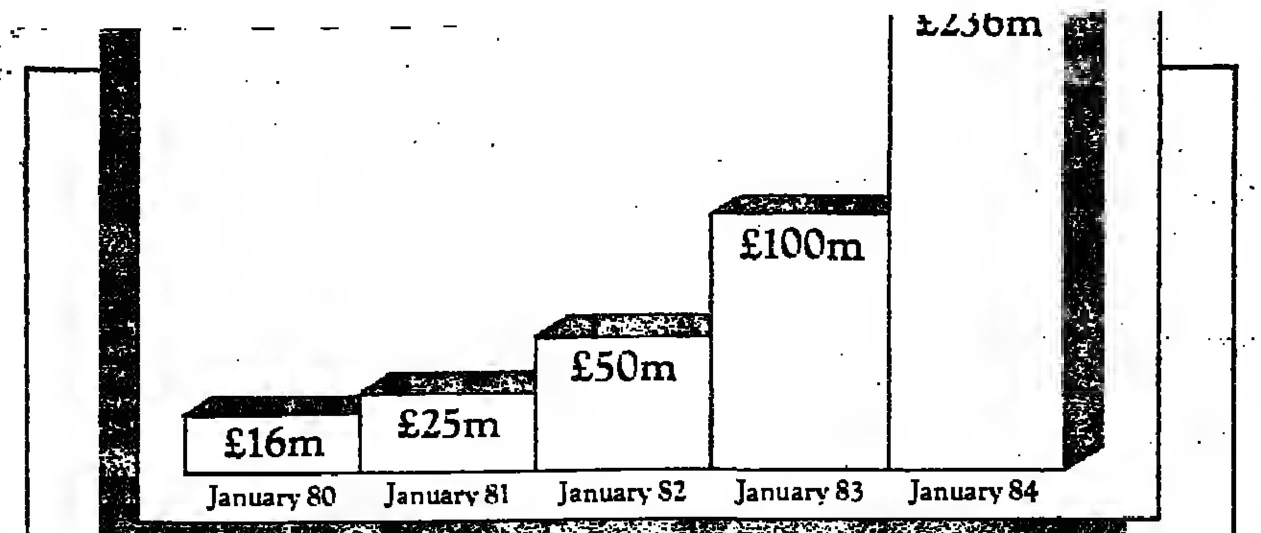
NEXT WEEK: The French stockmarket.

* * *

THERE is only one unit trust which invests exclusively in the Scandinavian stock markets, the Hambro Scandinavian fund which was launched in the autumn. Its early emphasis has been on the Norwegian market where at one stage nearly half of its portfolio was invested. The tiny Finnish market has been its second favourite.

The Henderson European and the Hill Samuel European funds also have large stakes in Norway.

The Swedish market has recently been shunned both by Hambro and by most other European funds. But the GT and Save and Prosper funds have stakes of around 15 per cent there.



A guide to the launch of a new financial instrument in London . . .

TNE NEW INDEX

A NEW stock market index is shortly to be launched by the Stock Exchange which will serve as the basis of a projected equity market futures contract on LIFFE, the Lonnon financial futures market.

But in order to be of any use to LIFFE and the traded options market, the index has to operate on a so-called "real time" hasis. The level of the index must immediately, or almost immediately, reflect the price change of any one of its constituents.

The Stock Exchange, however, still operates on a voluntary system of recording price changes. There is no obligation for the jobber to record to a central collecting point the price changes made on the stocks to his book. So prices have to he collected mannally and keyed into the compnter from terminals on the trading floor.

It would he physically impossihle to achieve anything approaching real time with 748 stocks. But investigations have shown that the All-Share can he adequately tracked using just the top 100 shares.

The Stock Exchange feels that for 100 stocks its present price collecting system can restrict time lags to an average of around one minute, representing the time elapsing hetween a price change and its being keyed into the computer.

The Stock Exchange is keeping its new index very much under wraps. No details have yet been released of which companies will appear in the index. It should he hased closely on the largest 100 companies measured hy market capitalisation.

The index will operate on e value basis like the All-Share Index rather than on a price basis like the 30-share Financial Times Industrial Ordinary Share Index.

Thus a 1 per cent change in the price of BP — the largest constituent in terms of capitalisation, or total market value — will have aronnd 30 times more effect than a 1 per cent change in price of the smallest constituent. With the FT Index all price changes have equal effect.

Eric Short

THE FUTURES CONTRACT

STOCK INDEX futures contracts are devices to allow investors to speculate on (or hedge against) general movements of share prices over the next three, six or 12 months.

The bullish investor will take on e contract which obliges him to huy a hypothetical portfolio of ell the stocks making np the index at a specified date in the future and at a specified price.

If, as he expects, the index rises ahove the value represented by the agreed price, he can huy the portfolio and resell it immediately at a profit. In practice, he will receive the profit directly in casb.

The stock index futures contract to he launched within the next few months hy the London and International Financial Futures Exchange (LIFFE) will be linked to a new index of 100 UK shares set up hy the Stock Exchange. The index will be launched from the hase of 1,000 points.

The standard contract to he traded will he worth £25 per point. So that if the stock market plunged so catastrophically that the index fell by 50 per cent the speculator would lose approximately £12,500.

Betting on a financial index is not like betting on a horse. Your stake is defined by the amount you wager for each one point movement in the index.

For example, if you take an up-bet on the FT 30-share index at £10 a point and it has risen from 800 to 820, when you decide to close the het, you will make a profit of £200. If it falls to 780, you will lose £200.

In practice, the bookmaker will quote a spread of possibly "797 to 803." This means that the index will have to rise above 803 before the investor hegins to make a profit. The spread covers the bookmaker's administrative costs and betting tax.

The three bookmakers which take bets on the FT index are Ladbroke's (telephone 01-493 5261), I.G. Index (01-828 7233) and the newly-formed City Index (01-283 3667).

C.W.

Estate agents join the Abbey

MARGARET HUGHES explains the possible benefits of a building society move to diversify.

BY a tie-up with over 860 estate agents throughout England, Wales and Northern Ireland, the Abbey National Building Society this week launched its Property Service which claims hoth to speed up and to cut the costs of house purchase.

Anyone who is an established Abbey National investor or borrower can take advantage of the service. But Abbey warns that temporary investors will not qualify. Nor will the scheme be available to vendors who instruct more than one estate agent to sell for them.

Anyone who is eligible will receive an immediate discount of 10 per cent on the normal selling fee if he or she sells the property through a Property Service Agent. These fees are normally anything up to 2½ per cent of the selling price depending on the agent and location. There are also other potential cost savings.

But perhaps a more attractive aspect is that when a house is sold, an Abbey mortgage can be automatically transferred to the new purchaser—provided that the newcomer is able to meet the mortgage repayments. The vendor will also have priority access to an Abbey National mortgage on any new property which he or she may be buying provided that it is for owner occupation.

For the vendor the house thus becomes more marketable while the purchaser has no need to shop around for a mortgage, regardless of whether he or she is an existing Abbey customer. The mortgage itself is transferred through Abbey National. If the house buyer needs a mortgage that is bigger than the existing one on the property then Abbey will arrange the top-up. Cooversely if the existing mortgage is larger than the puchaser requires then Abbey will claw back a capital repayment.

The interest rate which the purchaser pays on the transferred mortgage will be the current rate charged hy Abbey.

Abbey says that its new service should also result in a reduction in valuation, legal and other fees. For instance, Abbey anticipates a reduction of hetween 12.5 per cent and 20 per cent on survey costs. For the past four years Abbey, followed by other societies, has handed over a copy of its Condition and Valuation Survey which has to be undertaken and paid for by the buyer before the society will lend.

Abbey says that where the property is already on mortgage to Abbey this report will be handed over to the prospective purchaser/mortgage borrower who will only have to pay the costs of updating the original survey. This, it estimates, should reduce the cost by 12½ per cent. For the same reason any prospective purchaser who commissions a more detailed Report and Valuation Survey should save some 20 per cent of the costs.

Abbey also claims that there should be a saving of between £50 and £60 on land registration fees since the Land Registry has agreed that registration requirements will be waived where a title to the property already exists with Abbey.

In theory, at least, legal fees should also be less because Abbey says that it would not require that title to the property be re-examined.

At present the Property Service does not cover Scotland where property transactions are handled differently and are generally undertaken by solicitors rather than estate agents.

Estate agents participating in the service have to pay an initial £1,100 plus VAT per office as their contribution to the costs of marketing and advertising of the service.

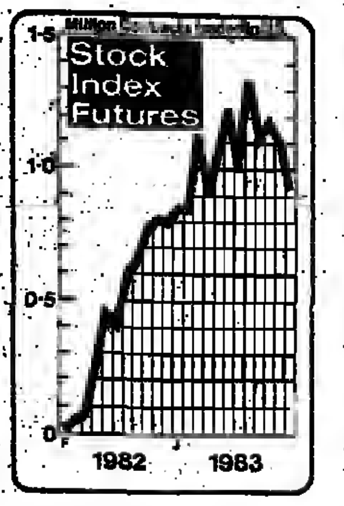
The Property Service is the first such tie-up between estate agents and building societies which offers cost savings to the customer as well as guaranteed mortgage transfer. The other leading societies have no similar plans to extend their present links with estate agents and there are some within the movement that consider the Abbey move to be mainly a marketing ploy.

هكذا من الأصل

The creation of a cheaper but more time-consuming alternative to investing in UK unit trusts

Matching the index without all those helping hands

CLIVE WOLMAN continues a series on unit trust investment and its problems.



THE TROUBLE with investing in unit trusts is that there are so many people along the marketing and administrative chain who take their cut out of your money before it actually gets invested in the stock market.

First, there will in many cases be the fee charged by the unit trust advisory service to help you choose between the 600 funds on offer. Then the intermediary gets his commission. He is followed by the unit trust management group comprising fund managers, marketing men and administrators. At the end of the line are the stockbrokers and jobbers.

Anxious not to be left out of all this profit-generating activity, the taxman also pops up at various stages to demand his slice of instrument duties and value added tax.

After all these parties have received their payments, your assets will have been reduced by at least 9 per cent at the end of the first year.

These charges might not matter if the professional unit trust fund manager had sufficient skill to pick more profitable shares to invest in than you could by yourself. But the results of an analysis carried out by Exeter University, published in last Saturday's FT, suggest that the average fund manager does not perform any better than you could by investing directly in a random selection of shares—at least as far as the UK stock market is concerned.

The survey also showed that many funds outperformed the average by large amounts. But the difficulty is in finding a fund whose past performance is due to the skill of its managers rather than a run of luck, in view of the sparse information supplied by the funds on their past trading records.

However, if you invest directly, it is crucial to spread your risk by buying shares in several different sorts of companies so that your capital is not wiped out if one company crashes. In view of the difficulty experienced even by the professionals, you should realistically expect to achieve only the average profit (or loss) offered by UK shares, as represented by the rise (or fall) in the FT-Actuaries All Share index.

But the small investor who tries to buy a wide spread of shares is likely to have only a few pounds to spend on each company. This will make his stockbroker's commissions, usually set at a minimum of about £15 per share deal, prohibitively high.

In the U.S., there are fund managers who have unpretentiously given up any claims to be able to beat the stock market index. Instead they buy many or all the shares of companies represented in the index without discrimination to try to ensure that their performance will match that of the index. They charge rock-bottom management and administration fees for the service.

But, while such funds have served certain pension fund clients well, they have incurred excessively heavy dealing expenses when serving small investors who are constantly putting in or withdrawing money. For this reason, their value has consistently risen less than the index.

But there are alternative ways of matching the stock market indices. One is by taking a bet through a bookmaker that the index will move up, another is by purchasing a novel financial instrument called a stock index futures contract, which should shortly be launched in London.

Now the mere mention of betting on shares is sufficient to cause many traditional stockbrokers and fund managers to throw up their hands in horror. Investing in the development of British industry, they say, has nothing to do with gambling.

But the underlying reason for investing in a unit trust or any selection of shares is two-fold, first to provide an income through the receipt of dividends on the shares and secondly as a speculation that the selected shares or the stock market in general will rise in value, to produce a capital gain.

If even the professional investors are no better than the rest of us at deciding which shares will go up, and when, then the speculative element of buying shares and unit trusts is a gamble, albeit a limited one.

Betting on a share index or buying a futures contract based on the index is almost a perfect substitute for the speculative element of buying units in trusts. There is no income which accrues to the investor from his bet.

But the investor is not obliged to hand over all the money he is putting at risk when he speculates, but only a margin representing typically 5 or 10 per cent of his total risk.

Trading futures contracts in Chicago

Thus, instead of putting £25,000 into a UK general unit trust, the investor could purchase a single stock index futures contract which would represent the same degree of exposure to the UK equity market.

He would be obliged to put up only perhaps £1,750 as a margin deposit. The other £23,250 he can put into a building society from which the interest will compensate, and probably overcompensate, for the unit trust income he has foregone. A higher-rate taxpayer may prefer a low-coupon short-dated gilt, which would be more tax efficient than receiving dividend income.

And indirectly the speculator will be investing in British industry. For a bookmaker will usually lay off his bet by buying a stock-index futures contract. This will in turn allow the investor on the other side of the contract typically to hedge, rather than to sell off, his portfolio of UK shares.

The effect is thus ultimately the same as the investor buying the shares directly in the secondary market from the portfolio hedger.

The need for all these intermediaries may arouse the fear that the investor will have to pay as high charges as he does when buying units in a unit trust. But he won't.

The betting services offer a spread between the rate at which a bet is opened and the rate at which it is closed which represents about 0.8 per cent of the total money risked (compared with a typical 7 per cent unit trust front-end charge). To buy a futures contract worth £25,000 the brokerage costs will be even less, perhaps as low as 0.1 per cent. One reason for these low charges is that no stamp duty is payable.

One drawback to using either of these services is that periodically you are obliged to renew your exposure to the stock market. Bets are normally closed automatically after three to six months while, according to LIFFE's present plans, a futures contract will expire after 12 months, although a longer 18-month contract may be introduced later.

In the U.S., stock index futures contracts have been traded for the last two years and their popularity with both private and professional investors has soared (see graph).

But the need to roll over these contracts periodically is their primary defect as a substitute for a mutual fund (ie unit trust) investment, according to Michael Lipper, of the New York company Lipper Analytical, which measures mutual fund performance.

In particular, if the market falls, the investor will be required either to add to his deposit or to close his position.

"It requires a lot of discipline to renew a stock index future from time to time," he says. "Most investors will not do it if the market has gone down, although they would have remained in a mutual fund."

The UK investor may also face a tax problem if he buys a futures contract. Tax inspectors have sometimes sought to tax the profits made from dealing even in a single futures contract under schedule D(vi) as if it were miscellaneous investment income, instead of taxing it as a capital gain (which would be on a par with unit trusts).

Representatives of LIFFE are currently negotiating with the Inland Revenue over the removal of this anomaly, which can act as a major deterrent to higher-rate taxpayers.

By contrast, profits made from a bet on an index are exempt from all taxes. However the bets have to be rolled over more frequently and so far the only UK stock market index on which a bet can be taken is the FT 30-Share Index. The drawback of this index is that in the long term it tends to understate the rise in the value of the market.

These alternatives to a unit trust investment can be used only for UK shares and only as a substitute for unit trusts investing in larger companies which are traded on the Stock Exchange.

For investment overseas or in smaller companies, unit trusts or investment trusts are often indispensible, as will be discussed next week.

The taxman who was poisoned

THE TAXMEN arouse fear and resentment in most of us.

But 88-year-old Frank Heyworth Talbot QC must be the only tax inspector to have been poisoned with arsenic by a taxpayer he was checking out.

Heyworth Talbot, who retired last month as Britain's oldest barrister and tax specialist, collapsed unconscious on his kitchen floor in a remote part of the south Welsh mountains after smoking a cigarette filled with white arsenic. He had just returned from a dinner party where the cigarette was given to him by a solicitor from whom he had requested accounts to prove his declared income.

Although he fell unconscious three times that night, he was able to drink sufficient number of pints of tea in between to wash the arsenic out of his system, and he recovered. But he did not immediately suspect the solicitor who had maintained a friendly posture towards him and who had hosted the fateful dinner party. He and his doctor thought the arsenic had been put accidentally into his food.

Two weeks later however the solicitor, Major Herbert Rose Armstrong, was arrested and charged with the murder of his wife by poisoning. He was later convicted and hanged.

The incident occurred 62 years ago, when Heyworth Talbot was the tax inspector for the district of Brecon. He had been recruited by the Inland Revenue directly from school in 1912, after he had turned down the award of an Oxford scholarship.

In those days, the assessment of tax was blissfully simple, even when excess profits tax was imposed during the First World War.

The surveyor (inspector) of taxes explained to Heyworth Talbot how he should calculate a company's excess profits tax by looking at its average profits in the pre-war years.

Talbot at Lincoln's Inn

But the youngster noticed that balance sheets were attached to many company accounts. "What do I do with these?" he asked.

The surveyor, who always wore a shiny top hat and morning dress to come into the office, snorted. "I know that there are some young men in the department who are bothering their heads with these things," he said. "But I know nothing about them."

Shortly after the 1914-18 war, Heyworth Talbot was given charge of the Brecon district. On his arrival he discovered that under the pressures of the war, many tax assessments had not been signed by the local commissioners—and thus the money had been collected illegally. What was worse, an inspecting officer from the Somerset House headquarters of the Inland Revenue was due to come down the following week to carry out the annual inspection for the first time in five years—and many of the commissioners whose signatures were missing were dead or untraceable.

Before he left the office on Friday, Heyworth Talbot summoned a few of his clerks and said to them: "I'm not saying any more. But when I come in on Monday morning, there will be no missing signatures on these assessments—as the inspecting officer is coming." And sure enough, after the clerks had spent a busy weekend in the offices, his expectation was fulfilled.

Disputes over tax bills were often resolved in unconventional ways. Once, when he was an inspector in Liverpool, Heyworth Talbot engaged in a long bargaining session with a local accountant over a brewery's tax bill. After they had exhausted all their arguments, there remained between them a dispute over £50,000 (equivalent to about £750,000 in today's prices).

Deterred by the expense of litigation, they agreed to resolve their dispute by tossing a coin. "Fortunately for the Revenue, I won," says Heyworth Talbot.

In the early years of the century, the taxmen had a different conception of their role than today. Says Heyworth Talbot: "The Deputy Chief Inspector of Taxes at Somerset House once told me, 'It is not your duty to squeeze the last penny out of the taxpayer. You must stand in the middle between the Crown, for whom the taxes are raised, and the people.'"

Today by contrast the roles are often reversed in that it is the courts, or even the Government, that is asked to intervene in disputes between the Inland Revenue and the taxpayer.

Heyworth Talbot is fatalistic. "The change in the relationship became inevitable once there was a steep increase in the rate of tax. Before the First World War many people had the same attitude as my uncle who said that the one bill he did not object to paying was his tax bill because he got such good value for it — all the benefits of civilisation."

But when the relatively high rates of tax in wartime were maintained in the twenties and thirties, professional tax avoidance emerged as a new advisory occupation among lawyers and accountants.

It was in this period, in 1931, that Heyworth Talbot changed sides when he left the Inland Revenue to be called to the bar as a tax specialist. However, he says he has always shunned tax avoidance. He and his mentor decided back in the thirties that "it was not our duty to devise schemes for tax avoidance. Even if people come to me and ask me to cure a defect I refuse."

Nevertheless, his most important triumphs have always been in representing taxpayers against the Inland Revenue. He decided to retire on the crest of a wave in December after winning a case in the House of Lords concerning a bank's foreign exchange dealing profits. The Revenue fought the case believing that if its view was overruled, the precedent set would mean the loss of £100m in taxes.

Clive Wolman

Living near 'Royals'

BY JUNE FIELD

THE CAGED Bird Society will look after your feathered friend while you are away, kennels will board the cat, and there are classes for training the dog, getting your weight down, and self-defence.

The *Directory of Local Amenities for Sunninghill, Sunningdale and Ascot* caters for those who want a full life in these select districts of Royal Berkshire.

It was not until 1957 that the Queen officially approved the continued use by the county authorities of the term "Royal," a prefix which had been in use for many years because of the association with Windsor Castle, England's premier and largest castle. (Covering about 13 acres, it was founded by William the Conqueror and has been a royal residence since Henry I).

There are other royal associations, too. Last year Madame Tussaud's "Royalty and Railways Exhibition" was opened at Windsor and Eton Central Station, built for Queen Victoria's Diamond Jubilee in 1897. And there is Ascot Racecourse, with its Royal Meeting in June, where racing was started by Queen Anne in 1711, and really put on the map by the Duke of Cumberland, who kept his stud in Windsor Great Park.

Some five miles from Windsor, The Lodge, Holyport, is for sale through David Mitchell of Savills, 20 Grosvenor Hill, W1. The imposing house, with its 14 main bedrooms and 10 second-floor rooms, is believed to date from the early part of the century; and in the grounds is an original "real" (or royal) indoor tennis court, one of 17 in the whole of England.

Pointing out the date of 1889 on the wall, which shows when it was built, Savills' John Harris, racket player and member of the Tennis and Rackets' Association, explained: "This kind of court derived from those built in France about 1300, coming to this country in Henry VIII's time. The little markings on the walls by the numbers are royal crowns. The game is played with a heavy racket with a bent head and tight strings, rather like those used in lacrosse, and the ball is very solid."

It may sound a trifle complicated, but one gets a better idea after watching the Holyport Tennis Club at play—the owners of the estate allow them to use the court. The price of the house and 1½ acres is offered in the region of £400,000, or the tennis court and swimming with 3.25 acres is around £70,000.

This area is also Nell Gwynne country. Burford Lodge (1640), in Church Street, Windsor, now part of the Royal Mews, was one of the houses where she lived.

And for sale through Savills' Ian Stewart (in excess of £600,000) is Beechgrove, in ten acres at Sunninghill; this impressive 18th century house in what was Royal Windsor Deer Forest, is said to incorporate parts of the old hunting lodge where Nell stayed with King Charles II. Until lately the local pathway was known as Nell Gwynne's walk. (Later owners of Beechgrove included Richard Fitzpatrick, Secretary for War in 1783, and King George III's physician, Dr Baillie).

The stylishly decorated house has eight bedrooms, four bathrooms, sun pavilion and guest cottage, as well as a swimming pool, hard tennis court and railed paddock. The equally stylish furnishings can be bought by arrangement.

Only 25 miles from Central London and eight miles from Heathrow Airport, south-east Berkshire is obviously desirable commuter-land, combining as it does a rural environment and relatively easy access to the capital.

Prominent among the builders' boards in this part of the Thames Valley is Wates, a privately owned building company started in 1900 by Edward Wates with his brothers Arthur, William and Herbert.

During the 1920s and 1930s they pioneered "spec" building constructing about 30,000 houses by 1939, going on to build aerodromes, army camps and specialised reinforced concrete structures such as the Mulberry Harbour for the Normandy invasion. After the war some 40,000 prefabricated houses and flats were built by Wates and its licensees.

Now the company is run by third-generation Wates with Michael Wates as chairman of Wates Holdings, and Christopher Wates as chief executive. Around 1,000 units a year are built, mainly in the south of England (in Kent, Middlesex, Surrey and central London), with a strong showing in Berkshire.

The company builds mostly timber-frame (about 80 per cent), and says that they only had six sales cancelled due to the "World-in Action" television feature on this method of construction which caused such a stir last summer. As has been said by Bill Gair, managing director of Wates Built Homes, what the programme graphically illustrated was that good management and high standards should apply equally in all methods of building.

Bill Bromwich, recently appointed Wates Built Homes' marketing director, is very much a "product" man, and argues that far too much energy goes into publicising what he refers to as "gimmicky incentives" to sell new homes.

"The potential buyer should be far more concerned with the quality of the product," he insisted as we drove round the Berkshire developments. Conscious that the new home industry suffers from poor brand-awareness, he considers that it ought to get its sales strategy straightened out, and concentrate more on such things as good design and environment.

"It is surprising that the advances made for new homes in energy saving, building technology, better design, better use of space, and reduction in maintenance costs are so poorly communicated."

Wates currently has two developments in Berkshire—at Burley Wood, Burleigh Road, near Ascot, off the London Road, A329, and Cumberland Hill at Sunninghill only a couple of miles away. Imaginatively furnished showhouses are open every day, 10-6, on both sites, or Bill Bromwich will send details from Wates, 1260 London Road, Norbury, SW16.

Even though they claim to eschew the overall use of incentives, on these £93,000-plus homes you do get a fully appliance-fitted kitchen. But floor coverings are not included. And on the earlier Burley Wood site, where only seven out of 80 houses remain for sale, there is a £3,000 fast-exchange discount for contracts signed in five weeks from reserve. Also in all the homes there are the little extras such as curtain track, dustbin, door-mat, and door-bell, plus a box of electric plugs and a bunch of flowers when you move in; and security is covered by a built-in Chubb alarm system.

In design the four-, five- and six-bedroom homes and three-bedroom bungalows are fairly traditional. At Cumberland Hill, where 45 homes were begun last autumn, the company has gone back to Tudor-style for some of them. "A very English half-timbered look," is how chief architect Keith Gray describes it, pointing out that the brick and stained timber surfaces enlightened by a section of white rendering require minimal maintenance.

The Lodge, Holyport, Berkshire, 1½ miles from the M4, and 29 miles from Heathrow, now used as a family home, would be suitable for institutional use. The accommodation of 14 main bedrooms, 10 secondary ones, 6 bathrooms, billiard room and butler's pantry, is for sale with 1½ acres in the region of £400,000 freehold, and the covered indoor "royal" tennis court in 3¼ acres plus swimming pool, around £70,000. Brochure David Mitchell, Savills, 20 Grosvenor Hill, London, W1 (01-499 8644).

Beechgrove, Church Lane, Sunninghill, near Ascot, Berkshire. Grade II listed 18th century house plus guest cottage for sale in excess of £600,000 freehold. There is a heated swimming pool, hard tennis court, stabling and paddock in the 10-acre grounds. Brochure Ian Stewart, Savills, 20 Grosvenor Hill London W1 (01-499 8644).

Only seven 4-bedroom detached homes from about £93,000 to £101,950, remain for sale among the 80 newly built homes at Wates, Burley Wood, near Ascot development. There is a £3,000 discount for exchange of contracts within 5 weeks. Details Bill Bromwich, Wates Built Homes, 1260 London Road, Norbury, London, SW16 (01-764 5000), or at the showhouse open 7 days a week 10-6.

Korchnoi triumphs

BY LEONARD BARDEN

VIKTOR KORCHNOI continued his impressive recovery from his world title defeat this week when he finished joint winner of the annual Hoogovens international in Holland. It was Korchnoi's first tournament against official Soviet players since the Russians lifted their boycott: appropriately, the USSR grandmaster Belyavsky tied with Korchnoi far ahead of their rivals.

Viktor Korchnoi

Scores at the Hoogoven event in Wijk aan Zee were Belyavsky and Korchnoi 10 out of 13, Nikolic 7½, Andersson 7, Adorjan, Hubner, Miles, Tukmakov and van der Wiel 6½, Sosonko 6, Ree 5½, Torre 5, Ligterink 4, van der Sterren 3½. The co-winners were unbeaten and their performance is a handsome tribute to Kasparov who knocked them both out of the world series.

Tony Miles could not equal the fast pace of Belyavsky and Korchnoi nor, at the end, maintain his super-grandmaster rating. Britain's other leading GM, John Nunn, had an indifferent result last month in Italy and now both face a struggle to stay in the world top 20.

Belyavsky and Korchnoi are specialists at high tournament scores. They are ready to play for a win with Black, aim for complex double-edged positions, and rarely accept a short draw. Belyavsky's competitive flair comes through clearly in this week's game where Miles's abortive opening novelty leaves his white king stranded in mid-board. White seems to have time to consolidate two extra pawns but the Russian brilliantly assesses the tactics; just ten moves after Miles's innovation, he is faced with mate or loss of the queen.

White: A. J. Miles (England).
Black: A. Belyavsky (USSR).
Queen's Gambit Declined (Wijk 1984).

1 P-QB4, P-K3; 2 N-QB3, P-Q4; 3 P-Q4, N-KB3; 4 N-B3, B-K2; 5 B-B4, 0-0; 6 P-K3, P-B4; 7 QPxP, BxP; 8 Q-B2, N-B3; 9 P-QR3, Q-R4; 10 R-Q1, B-K2; 11 R-Q2?

This is White's unfortunate novelty, in place of 11 N-Q2 played in several Korchnoi-Karpov match games. The rook move is so artificial that I even wonder if Miles touched the wrong piece; but most likely he missed or underestimated the pawn sacrifice which opens up the centre for Belyavsky.

11 ... N-K5; 12 NxN, PxN; 13 QxP, R-Q1.

Now if 14 P-QN4, simply QxRP is strong.

14 Q-B2, P-K4; 15 B-N3, P-K5!

In such a position rapid development counts more than pawns.

16 QxP, B-KB4; 17 Q-B4, RxR; 18 NxR, R-Q1.

Here if 19 P-N4, NxP; 20 PxN, BxP, regains his lost material with a winning attack.

19 P-K4, B-KN5!

This bishop cannot be taken, while Black threatens B-N4, N-Q5 or N-N5.

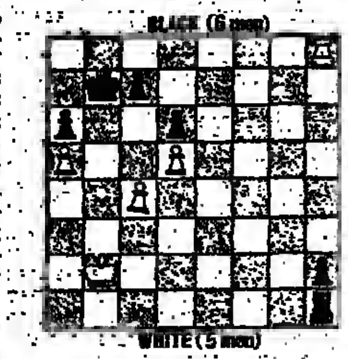
20 P-B5, N-N5!; 21 P-B3, P-KN4!

Decisive, for if 22 QxB, N-B7 ch; 23 K-B2, BxP ch and mate; while if 22 Q-K3, N-B7 ch. White could already resign, but continues until a respectable move total.

The game ended 22 PxN, Q-R8 ch; 23 K-K2, PxQ; 24 BxP, B-K3; 25 B-K5, Q-B8; 26 B-B3, B-N4 and White resigned. Possibly the heaviest defeat of Miles's chess career.

POSITION No. 501

BLACK (6 men)

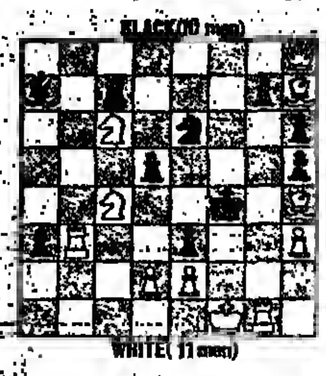


WHITE (5 men)

Nazarian (Iran) v. Mitchell (Britain), world postal olympiad 1965. Black (to play) is a pawn up; at first glance the position looks totally drawn but he has just one plan to force a win—how? Similar endgames often occur in practical play.

PROBLEM No. 501

BLACK (10 men)



WHITE (11 men)

White mates in two moves, against any defence (by A. Piatesi). Grandmaster John Nunn has just won the Lloyds Bank British solving championship, with GM Mestel second. They will now represent Britain at the world solving competition in Sarajevo later this year. Today's problem, where White has a variety of plausible tries, caught out several finalists.

Solutions Page 14

BRIDGE

E. P. C. COTTER

THE ENGLISH Bridge Union will shortly be holding the Teachers' Association Training Courses and Examination. The closing date for entries is March 10. For details and entries apply to the Secretary, 5 Ellis Avenue, Chalfont St Peter, Bucks, SL9 9UA.

My two example hands today are taken from last year's Silver Level Examination. Let us first study this no trump contract:

N.
♠ 6
♡ K 7 3 2
◇ A K 10 7 6 5
♣ 4

W.
♠ K 10 8 3 2
♡ Q J 8 6
◇ 4
♣ 10 9 2

E.
♠ Q 7 5 4
♡ 10 9
◇ J 3 3 2
♣ K 8 6

S.
♠ A J 9
♡ A 5 4
◇ Q 9
♣ Q J 7 5 3

North deals and opens the bidding with one diamond; you are sitting South and reply with two clubs. North rebids two diamonds, and you jump to three no trumps, which becomes the final contract. West leads the three of spades, and East plays the Queen—how do you plan the play?

I have seven tricks on top, and if the diamond suit will surely provide the extra two. In fact, if the suit breaks 3-2, I shall be able to make ten tricks. But the diamonds may be divided 4-1, in which case I must take precautionary measures. If I take the first trick, East will be the danger hand, which means that there is no problem should West turn up with four diamonds to the Knave. I can ensure this contract against the 4-1 break if I cross at trick two to the heart King, return a low diamond, and finesse the nine. If this loses to the Knave, West cannot attack spades with advantage, and will be forced to switch. If he returns a club, I win with dummy's Ace, cash the diamond Ace, unblocking my Queen, and run the rest of the suit, making my contract with one spade, two hearts, five diamonds, and one club.

There can be no advantage in holding up at trick one, because if West has a five-card suit, I cannot exhaust East of the suit. In fact, the hold-up could be the only way of losing the contract.

We turn to a suit contract:

N.
♠ Q 8 6 2
♡ K 5 2
◇ K 6 4
♣ Q 4 3

W.
♠ 10 7
♡ Q 7 6 3
◇ Q J 10 8
♣ K 10 7

E.
♠ 9 4
♡ J 10 9 8 4
◇ 9 3 2
♣ A 9 8 6

S.
♠ A K J 5 3
♡ A J
◇ A 7 5
♣ J 5 2

Again you are in the South seat. You deal and bid one spade, your partner raises to three spades and you carry on to four. West leads the diamond Queen, on which East produces the two. The trumps, you are told, split 2-2. How do you propose to ensure your contract?

The problem is the club suit. If I have to open up the suit myself, I am almost certain to lose all three tricks, and as I have a diamond loser, that means defeat. But I can ensure my contract by operating an elimination and throw-in. I win the diamond Queen in hand, and draw the trumps in two rounds. Now I cash the Ace of hearts, cross to dummy's King, and ruff the last heart in hand. Now the elimination is about to be completed. I cash the diamond King, and throw the lead with the third diamond. Whichever defender gets in will be forced either to return a red suit, thus giving me a ruff discard, or open up the clubs and that means that I shall lose only two tricks in the suit.

Of course, in the examination, the East-West cards are not given.

Majorca: popular image versus reality

TRAVEL

ARTHUR SANDLES

IT MUST SURELY be the most remarkable bar in the world—and placed in the most unlikely setting.

This haven of medieval splendour sits in a narrow back street. Its large wooden doors are set in massive stone walls and only a discreet brass nameplate tells you that you have found the spot. A polite but firm doorman-cum-guard vets those who venture to attempt entry and, if you are judged to be suitable clientele, you are cautiously allowed to step inside.

At first sight it seems like a mixture of church and ancient manor house. Hundreds of candles light a vast room with vaulted ceilings, ancient beams and a flagstoned floor. A large log fire burns. Here and there are displays of fruit, arranged as if by accident to tumble out onto the floor. Elegant couples chat quietly on deeply cushioned settees against a background of Vivaldi. A door opens onto a courtyard: there are doves, chickens, and another glowing fire.

The bar is Abaco, and the place is central Palma on the island of Majorca. It is but one of the many surprises that Majorca holds for any who believe in the image of a land where Bass and Lowenbrau have taken over from local wines, and where the northern hordes come to stretch side by side on packed beaches sunburning their spare tyres.

This year, once again, Majorca will be the single most popular overseas destination for British tourists. The jets of Thomson, Intasun and Horizon will pour their packaged clientele into a Palma airport which at weekends is transformed into a madhouse of rival tour guides trying to shepherd their flocks to the right buses; of taxi drivers shouting for business; and of bewildered pale-skinned Mums and Dads trying to keep control of tired but excited children while seeking out car hire representatives.

Arrive on a Saturday in August and all your worst images will be confirmed. And yet . . . and yet . . . within a short drive you can be lost in olive groves and surrounded by glistening mountains. Those crowds can have their beneficial effect—they help to provide the custom that gives Majorca a surprising array of good restaurants and tiny bars where the wine is chilled and the seafood fresh.

It was outside Palma's ever busy airport last summer that I had another reminder of the fact that the island does not always fit its image. We arrived on a dark late August night to find a crackling Mediterranean storm in full swing. Baggage and bodies had to be ferried through torrential rain and ankle-deep puddles to the car park and the rented vehicles. That's another thing about Majorca. At times it rains.

The next thing that newcomers discover is that the island is somewhat bigger than they think. An energetic crow would find it around 60 miles across in one direction, and nearer 70 in the other. Majorca's road systems tend to be a bit confusing in towns, but out in the countryside the roads are tortuous and narrow, except in the hills, where they are tortuous and narrow, so that the distances seem even longer.

Majorca's urban tourist sprawl is largely in the immediate vicinity of Palma. Magaluf, Palma Nova, Illetas, Ca'an Pastilla and El Arenal have their devotees but I am not numbered among them. The fact that children and the sub-teens like the company of their peers en masse is about the only argument for choosing them.

Palma itself, however, is another cup of Sangria. There are some very good hotels indeed along the Paseo Maritimo, a somewhat underrated city sea frontage which is considerably more fun than some of its French rivals (particularly now that Cannes has mucked itself up with that ghastly conference centre). It is a pity that the better hotels, like the Victoria and the Son Vida, are a healthy walk rather than a gentle stroll from Palma's old town and the port area, where the good restaurants are.

Old Palma is divided neatly in half by a central promenade area, Es Born. Facing inland the cathedral and the old wealthier districts of the city are to your right. It is here that you will find the museums, beautiful old houses, and a sprinkling of boutiques and restaurants. The whole region is at its best at the start of the season, or in September and October. At the height of the summer there are just too many people what with the local residents, the holidaymakers and the cruise ship passengers.

To the left is a similar pattern of narrow streets, but this time with no hills and a somewhat seedier feel. This is the district of small bars and quick food outlets. Tapas, the local snack of things like meat balls, shrimps and squid, is still widely available but either my tastes are becoming jaded or they are not what they were. A small plate of calamares heated up in a microwave is not my idea of tapas.

Those who have not been to Majorca for a few years will find that the better shopping has now moved from Es Born to the Avenida Rey Jaime III, where the main target for shoppers is the Majorcan pearl shops.

The better Majorcan pearls are an excellent purchase, particularly now that pearls have made something of a come-back in the fashion stakes. They are not real, of course, but they are a fine reproduction usually composed of reconstituted finely ground mother of pearl.

Another bargain is shoes, but although the workmanship appears good the leather has always seemed to me that flimsy wafer thin stuff much favoured by the sort of fellows who wear Italian suits and carries a handbag, not really suitable for northern European rainy days.

My two visits to Majorca last year presented two totally different aspects of the place. The first, which had started with that summer deluge, sent me up to the far northern area of Puerto Pollensa, for a relaxing week of doing as little as possible except occasionally driving from villa to town for a little shopping or a quiet meal. The second was a business trip, feeling foolish in collar and tie while the world went by in bikinis and Bermuda shorts. There is something distinctly unsettling in being in a dark suit while all about you are wearing sweaty tee-shirts—but it doesn't make it easier to get into Abaco.

The non-business visit, and my turn to wear the sweaty tee-shirt, demonstrated yet another way in which Majorca upsets preconceptions. The island boasts a large number of extremely pleasant villas, complete with their own pools and perfectly placed in rural settings. Like for like they are probably a little cheaper than the rather better known properties of the Algarve. Which you choose if you are looking for a Mediterranean (yes I know the Algarve is on the Atlantic, but I'm talking about the region rather than the sea) property to rent depends on other factors. The Algarve or the Costa del Sol are better for activities such as riding and golf, but I would give Majorca the edge for scenery and good food.

All in all, given the adverse publicity it tends to get these days, Majorca is fast becoming the Mediterranean's little secret. See it now, before the rest of the world rediscovers that there is much more to it than fish and chips.

Further information: I rented a villa from Meon Travel, Meon House, Petersfield, Hampshire, GU32 3JN. Most major tour operators offer hotel holidays on the island and many of them rent villas and apartments.

They can take good care of you

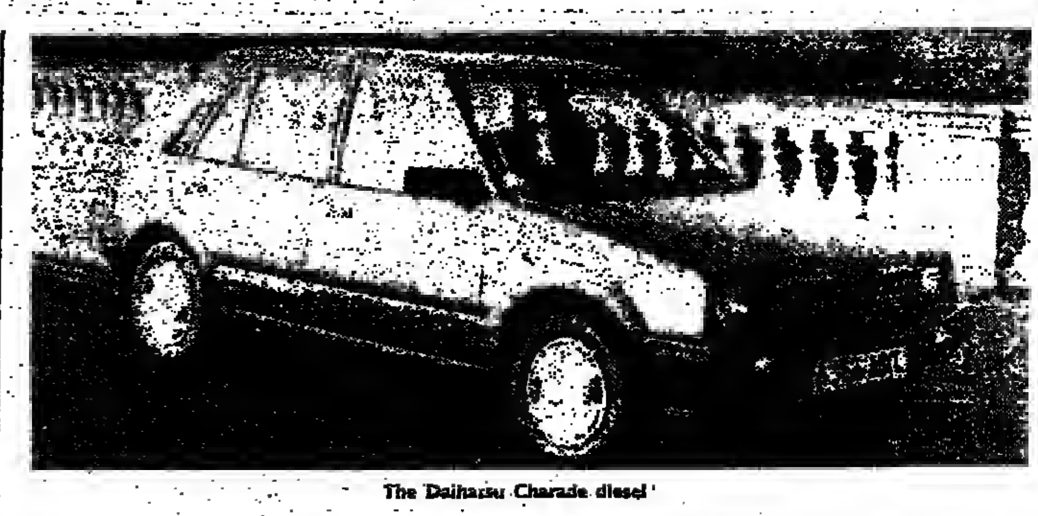
A FEW DAYS before the date fixed for a visit to New Zealand I developed sciatica. The doctor insisted on bed. I had taken out an insurance policy as a result of which I would probably have recovered most if not all of the cost of cancelling the trip but I was most unwilling. With the agreement of my doctor who furnished me with a certificate I set off for Heathrow.

The certificate was unnecessary. A wheeled chair was brought out at the airport by a young man who acted as my bodyguard until departure. We went through security and immigration control as soon as we were ready while the rest of the passengers were queueing and we were given seats on the aircraft within easy distance of the loo. The first stop was Los Angeles where a message had been radioed and we were met by an airport official with a chair. The official took us through immigration control by a route separate from that of the other passengers (waiting in long queues for their turn to be checked by officials with big black books) to customs where we were beckoned through by an official to collect our baggage. We were not even asked if we had anything to declare, much less required to open our bags, which tourists to New York will realise is an unusual occurrence.

After a night in a Los Angeles hotel we were assigned an official at the airport. She took our tickets and passports to obtain our landing cards and shortly afterwards handed them back to me. I looked through my wife's passport but could not see the bit of paper the authorities stapled into the passport when you arrive in the U.S. and then lose my own where I spotted fragments of the paper, to conclude rightly as it turned out that we had been through immigration without being aware of the fact.

We were given particularly convenient seats on the aircraft and the usual official was awaiting our arrival at the refuelling stop in Tahiti and at our destination, Auckland. The usual official to see us through and, of course, no examination of baggage. In effect, as ordinary tourist class passengers we were given VIP treatment throughout the journey. Nobody ever asked for any sort of evidence that I was really incapacitated, nobody asked for any money. It has put thoughts into my head for any future journey to distant parts.

Alan Todd



The Daihatsu Charade diesel

Japan's mini diesel

MOTORING

STUART MARSHALL

IN 787 miles, the Daihatsu Charade diesel used 13.7 gallons of fuel to give a consumption of 56 miles per gallon. If that sounds less than exciting for the world's smallest-engined diesel car, let me explain.

The mileage was accumulated over a four-week period during which the Charade was started from cold 121 times. Thus its average trip was 6.3 miles. It was that high only because I took it up to London three times (a 74 miles round trip). Often it was driven less than a mile from my home, parked all day and driven home again at night.

If you are still unimpressed by its economy, consider this: a Metro 998 cc HLE, used similarly but in less cold weather gave me 34.9 mpg. That doesn't mean the Metro is thirsty because it isn't. Rather is it a reflection of the diesel engine's extreme economy at part power or when warming up, the times when a petrol engine is least efficient. Volkswagen once calculated that for the first 3 kms after a cold start, a diesel uses one-third the fuel of a comparable petrol engine, and only half the amount in the first 10 kms. The Charade's performance bears this out.

On a long journey, a sensibly driven Charade diesel does better than 70 mpg, providing it is cruised on the motorway at 60-65 mph and not at the 75-80 mph which it is perfectly willing to maintain. (The official figures are 58.85 mpg for the urban cycle, 73.5 mpg at 56 mph and 42.8 mpg at 75 mph.) They show it really doesn't pay to belt a tiny diesel. (Diesel, by the way is 15-20p a gallon cheaper than petrol.)

And the Charade's three-cylinder engine really is tiny. Its capacity is only 993 cc and its output 36.8 horsepower at 4,800 rpm. Maximum torque is developed — that is, it pulls hardest—at 3,500 rpm.

Starting from cold could not be simpler. The yellow pre-heat light goes out after four seconds on a below-zero morning and the little three-cylinder fires up at the first flip of the key. It's best to drive off straight away because the first two minutes are clamorous but when warmed up, the engine is gutteral but not disagreeably noisy. In traffic, it ticks over with a contented mutter.

Performance is perfectly adequate for an economy minded buyer. One is rarely first away from the lights and there isn't enough power to exploit gaps in traffic with quick bursts of acceleration. But it pulls well in fourth or fifth at town speeds, runs up to nearly 60 mph in third and over 70 mph in fourth and, given time, goes past 80 mph in fifth. The standard push-button MW/LW radio can be listened to on the motorway.

The Charade is a five-door hatchback, attractively angular, easy to enter and leave and has an estate car-type rear sill over which dogs leap easily. The diesel I have been driving is to CS specification; radio, rear wash/wipe, a delightful five-speed gearbox and internal tailgate release are all standard. And its high roof lets the tallest drivers sit comfortably, knees together, behind the wheel.

At £4,699 it is only £170 dearer than the petrol Charade CX which has more luxurious seats—not that there is anything spartan about the diesel's—and such things as interior adjustable mirrors, rear seat belts, rev counter, clock and intermittent wipe. That makes it by far the cheapest diesel on the British market as well as the smallest.

Everything works with typically Japanese precision. The rear wash/wipe runs continuously if needed; the heating/demisting and fresh air ventilation system is efficient and easily controlled. Steering is light, ride comfort acceptable, visibility excellent. It's as eager to please as a well trained labrador, as parkable as any other supermini and a constant source of interest. I've lost count of the number of people who have asked: "What will it do to the gallon?"

Who would stand to benefit most from buying a Charade diesel? Not motorists who expect a small car to spend most of its life at 70 mph and more on the motorway. I think it would be ideal for someone who is just retiring and is buying his or her new car. On a pension, they are concerned about running costs and reliability above all else. Their annual mileage is likely to be modest.

The Charade has to be serviced every 6,000 miles with an oil change in between; for many motorists of mature years that means two visits annually to the garage. They may only drive 5,000 or so miles each year. The anti-corrosion warranty is for eight years, subject to inspection at two and five years at a cost of around £30 to £40. A looked-after Charade should last a lot longer than that.

The unknown quantity is depreciation but the longer one keeps a car, the less important its retained value becomes. Having driven the Charade diesel for some weeks, I reckon a lot of people of retirement age would find one ideal transport in the leisured though less affluent years ahead.

هكذا من الأصل

Full cry

BY ANTHONY CURTIS

The Paper Men
by William Golding. Faber and Faber, £7.95, 191 pages

After William Golding's triumph in Stockholm, bringing the Nobel Prize for Literature back to Wiltshire, he has come up with a short novel about the penalties of success for a novelist. It is a strange piece of anticipation, of fictional forecasting, though I must hasten to add that the novelist-narrator of this story is utterly unlike what we know of Mr Golding. Wilfred Barclay is a mediocre, though highly successful, novelist with a messy private life; he is half way to becoming an alcoholic, and is a thoroughly unpleasant chap. Mr Golding is a good novelist, and a likeable man, addicted not to the bottle but to that ancient pastime, the game of chess.

However, Golding and Barclay do have certain things in common. Both are "paper men," that is to say their work is done in the mind and even when completed, remains in the mind, the mind of the reader; for them the worlds of imagination and action coincide. In addition both are subject to an inordinate amount of attention from American professors of literature who want to write biographies and critical studies about them. To the ordinary reader whose life remains safely out of the public domain, and whose morning post does not invariably include requests for interviews, seeking biographical material from places like Nashville, Tennessee, and Urbana, Illinois, this kind of request may be seen to be rather flattering, not the intolerable harassment presented here. But Mr Golding leaves us in no doubt that cumulatively it is in fact sheer hell.

He manages to instil into his imaginary novelist what we have not encountered before in his work: head-on, fulminating, white-hot rage. A novelist, he insists, should have the right to possess his own life in peace.

Wilfred Barclay may be a boor and a bore, but we do have some sympathy with him on this point from the first chapter, where we find his academic guest, Rick L. Tucker, rummaging in his dustbin for precious scraps of literary garbage. The dustbin search brings to light evidence of a furtive love-affair, and heralds the collapse of Barclay's marriage. He flees from home to the Swiss Alps where he is pursued by Rick and his pretty child-wife Mary Lou with whom inevitably Barclay falls in love.

Henry James demonstrated a long time ago that a biographer in hot pursuit of his quarry will stop at nothing — well, almost nothing. But Jeffrey Aspern was safely dead before the chase started, and it was left to his intimates to bargain over his bones. Here in Golding it is the biographee who himself suffers the biographer's zeal. He attempts evasion but finding it useless, acquiesces in the negotiations and strikes the bargain.

The professor may have his prize (an agreement giving access to the material after Barclay's death) but at what a humiliating price: It might have been fixed by Graham Greene's Dr Fischer. The prolonged confrontation between the professor and the novelist is developed in the book with the skill and unexpectedness, economy, and sustained tension of a master-game of chess in which Mary Lou is one *of many pieces* to be sacrificed.

The squares of the board are the tourist paradises of Europe, in particular the snowscapes of Switzerland, and their hotels where Barclay tries to escape from his fate. He is as much imprisoned in them as any earlier Golding hero on a desert island. This may not be a "major" Golding novel but in its penetration of a problem common to many writers today it belies the view of the dissenting Nobel judge that Golding is an author of merely local significance.

On a pedestal: Paul Hogarth's jacket design for William Golding's new novel

Top head

BY RIVERS SCOTT

Red Robert: A Life of Robert Birley
by Arthur Hearnden. Hamish Hamilton £9.95, 273 pages

Red Robert? There were certainly quite a few masters and boys, not to mention a goodly scattering of reactionary backwoodsmen parents, who thought the designation appropriate enough when Robert Birley was appointed headmaster of Eton back in 1949.

In conformity with a venerable tradition of that great school, they sharpened the knives for the poor man when he arrived. By the time he had finished his 14-year stint and was off, aged 60, to the South African University of the Witwatersrand, they were saying they would never see his like again.

The ovation which followed his farewell address to the school was practically worthy of a Conservative party conference (2 minutes 59 seconds). With uncanny flair, the governing body of Eton had chosen exactly the right person for that difficult, transitional time; sympathetic and open to many Labour party ideals but unshakeably devoted to the cause of its great 'bête noire,' the public schools themselves.

Following promptly on its subject's death in 1982, Arthur Hearnden's *Red Robert* paints a quietly revealing portrait of an enlightened establishment man, full of amiable eccentricities (thick boots, peculiar gait), shrewd optimism, tolerance, ability and goodwill, but in the last resort always on the outside in a nice warm overcoat grinning benignly through the window at the squalor, cold and heartbreak within.

Mr Hearnden does not dodge the anomalies of such a position in his very fair-minded summing-up. But he shows, more importantly, the source of his subject's magnetism, which was his simple brilliance as a teacher.

This power to stimulate, which is essentially what good teaching is, rubbed off on German educationalists at the end of the war, when Birley served in the chaotic British zone as adviser to Sir Brian Robertson, as much as on his pupils at Charterhouse and Eton.

While still at Balliol, Birley formulated for himself, much to his friends' amusement, his "career as a headmaster." Was he wise to be tempted into alternating this with a second career outside the quadrangle, thus dissipating his resources?

Skilful though he was at liberalising Charterhouse immediately before and during the Second World War, and admirable as he was at Eton and at the Headmasters' Conference with his range of influential contacts ("Don't raise that now, I am having lunch with the Minister on Thursday"), he hardly stands out as a "great" headmaster even on the scale of Alington, while his impact on events in war-torn Germany and race-torn South Africa were by their very nature peripheral.

Birley had a ginger man streak which he put to beneficent use and only once did it apparently land him in trouble. That was when the "Old Etonian mafia" in Harold Macmillan's cabinet ganged up—or so it is claimed—to block a proposal to give him a knighthood, in revenge for his having, in his early days as headmaster, had the temerity to discipline an errant member of "Pop".

As all reformers have to learn, some institutions really are sacrosanct.

'Call me, Mr Sidney'

BY GEORGE MALCOLM THOMSON

Sidney Bernstein. A Biography
by Caroline Moorehead. Jonathan Cape, £12.95, 329 pages

One January day in 1953, Sidney Bernstein wrote to a friend:

"My life has been simple enough. Just too many people, too many theatres, too many films, too much reading, too much work."

As a description accurate, as a complaint unconvincing. For the truth is that the life, although crowded and at times fatiguing, has been enormously enjoyable and rewarding. The achievement has been proportionately remarkable and is not to be measured in terms only of business success.

There has also been a spectacular contribution to art and culture: the Film Society, which would hardly have come into being without him; the films he made with Hitchcock; the propaganda films during the war, the visit to Belsen just after that horror was discovered—after which Bernstein, an abstemious man, drank a whole bottle of whisky and stayed sober.

There were, too, the Granada cinemas and television. What is perhaps more extraordinary is that already, when he was 22, Bernstein was recognised as the most respected figure in the British film world. When the King wanted to show a film at Sandringham, it was Sidney who organised it—and fought off the Lord Chamberlain's attempt to remove a shot showing a baby's nappies.

Was there any frustration in his career? I think he thinks of himself as a architect manqué which is pretty odd in a man responsible (with Komisarjevsky) for some of the most gorgeously kitsch buildings in England. The Tooting Granada, for example—Italianate façade, foyer designed after a mediaeval banqueting hall, a hall of mirrors with Renaissance marble columns leading through an arched cloister to an auditorium all in gold, with stained glass windows and floors which are either marble or carpeted in rose and mauve.

And all this at the behest of a man whose personal taste is for the quiet, the modest, the domestic! But the cinema was being built to attract the public and Sidney knew what Tooting wanted. Unable to design his own buildings, he was (at a guess) a hard master for the architects he employed, a boss who combined a demand for opulent display with an insistence on value for money which would have done credit to Mr Gladstone at his most cheese-paring.

In fact, pursuit of economy was only one aspect of the attention to detail that went along with the sweep of Bernstein's ideas, see the stream of memoranda to his brother and partner Cecil:

"The man who sells ice cream is still in a white overall. This looks horrible and must be stopped. A letter should be sent to all managers regarding rubber heels for the staff. All theatres should now be hanging baskets of greenery outside their canopies."

And so on.

The Bernstein family, in the person of Alexander, Sidney's father, were Jews who came over from Sweden in the 'eighties of last century and settled in Ilford. Alexander was a dealer; the family income had its ups and downs—mostly up. One deal—the almost casual acquisition of the Edmonton Empire, led the Bernsteins into the world of entertainment. Having bought it, Alexander—an optimist—decided to run it; when Alexander died, Sidney, in his teens, took over the family business. And so into a cinema future.

Prospering, he became a tycoon, but a tycoon with a difference. While brother Cecil ran the business, Sidney travelled. Thus he visited Hollywood, when it was still an oasis of frantic vulgarity in an age of spreading decorum before the fall of the mogul empire.

Sidney was an unusual figure in that world; typically, on his first visit to the U.S. he wore the bowler hat and rolled umbrella of the typecast Englishman—an amusing joke and good publicity. But not affectation; after all he had a house in Albemarle Street, a valet, and a morning ride in the Row.

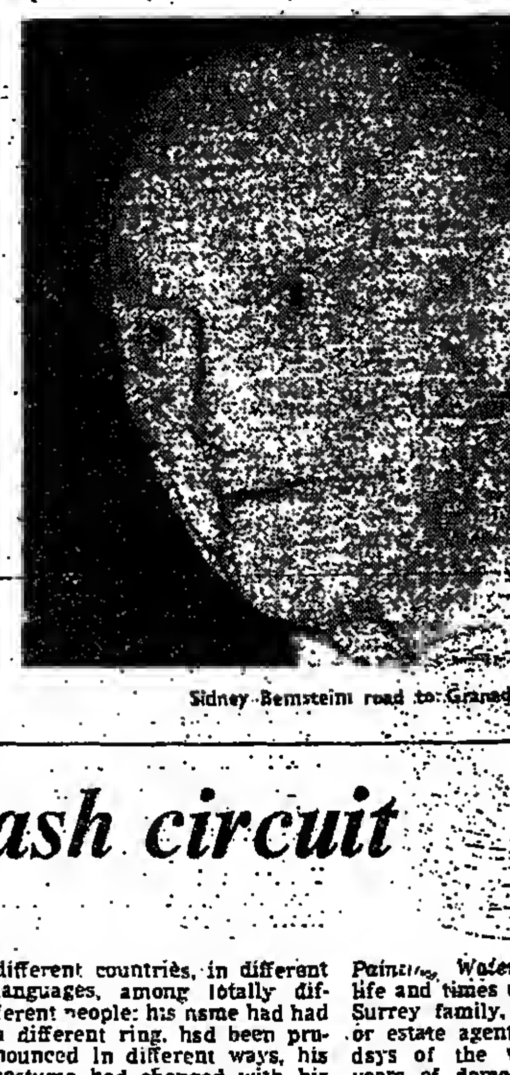
His manner was courteous and restrained. He liked good company and pretty women, which made it all the more puzzling that he was a puritan. Ingrid Bergman said that he was the only man who had been a friend of all her three husbands—and the only producer who had not made a pass at her.

Sidney's journeys were not mere pleasure jaunts; he was seeking out the rising celebrities in showbiz; he was watching as the cinema whirled through its age of revolutions—the talkies, colour, and so to TV. He was going to be a few steps ahead of the pack.

The way was open that led in the end to Granada Television and publishing too, eventually—open but not easy.

Finally, there was a peerage for the shy, egalitarian, the loyal Labour party supporter who disliked oratory. Was he perhaps a little embarrassed by it: he issued a direction to his staff, "Please still call me Mr Sidney." Did they, I wonder?

Here, then is Caroline Moorehead's well-researched thoroughly documented and vivacious account, a convincing portrait of one of the most remarkable men of his time.



Sidney Bernstein: road to Granada

The goulash circuit

BY NICHOLAS BEST

Memoirs of an Anti-Semite
by Gregor Von Rezzori. Picador. £7.95 (£2.50 paperback). 282 pages

A Prayer for Fair Weather
by John Broderick. Marion Boyars. £7.95, 224 pages

The English Way of Doing Things
by William Donaldson. Weidenfeld and Nicolson. £7.95, 229 pages

Painting Water
by Teresa Waugh. Hamish Hamilton. £8.95, 190 pages

Memoirs of an Anti-Semite is an eye-catching title for a collection of interrelated short stories, but not a strictly accurate one. For although the narrator of Gregor Von Rezzori's "novel in five stories" is a provincial aristocrat — technically Romanian, culturally Austrian—with the usual distaste of his kind for Jews, he is also a fundamentally decent man who makes boyhood friends with Jews, sleeps with them, enjoys their intellectual company and eventually marries one—all this against a background of Central Europe between the wars and the rise to power of AH.

Yet this is not a novel about Nazis or the war or the suffering of Jews. It is more a richly painted word picture—sometimes too rich—of a time and place that now seem remote beyond belief. The setting oscillates between Vienna, Bucharest and Bukovina, a cultural mishmash in which a girl by her accent might be from Bavaria, Yugoslavia or Romania, and in fact turns out to be from the Ukraine.

As a whole, the stories do not hang together as well as they should. The narrator is a different person in every one—though not always nameless, as the blurb seems to imply—but there is a certain amount of needless repetition, a certain imbalance of structure, and the dialogue suffers occasionally in translation.

The best story is the last, Pravda, a mournful summing up of the narrator's life, from his Austro-Hungarian roots, via a defeated Germany and a Communist Romania to the Rome of the 1970s, where he lives now as an opulent westerner. He has forgotten his fatherland, if he ever had one, and is conscious only of time passing, of having led "a half-dozen different lives, lived in different eras, in different countries, in different languages, among totally different people: his name had had a different ring, had been pronounced in different ways, his costume had changed with his tailors and barbers, with the fashion of his environment . . ." A chameleon life, par for the course in Central Europe, but a powerful advertisement for living on an island.

Anti-semitism features again, though only as background motive, in John Broderick's *A Prayer for Fair Weather*, a routine spy thriller in which CIA mole penetrates London terrorist organisation in order to ferret out—*if we may use that expression* — the master-mind behind a series of incendiary attacks on Jewish warehouses. Gay bars, a girl terrorist named Tina Mudge and various Boys' Own methods of passing messages lead to a traditional dénouement in which the obligatory Foreign Office double agent is traded off for an American scientist held by the Russians.

A Prayer for Fair Weather warms up after a weak start, and the identity of the terrorist number one comes as a genuine surprise. But the liberal use of street names fails to create an atmosphere of authenticity, and much of the pace and excitement is spurious. The plot is never quite taut enough to be the real thing.

William Donaldson's *The English Way of Doing Things*, by contrast, gets off to a fine start and then deteriorates into a knockabout bedroom farce in which one swiftly loses count of the number of men with names like Niffy Pillock wearing nothing but stockings and suspender belts. The plot owes a lot to the theatre—in more ways than one: for the main character is Toby Danvers, a penniless impresario forever avoiding creditors while trying to raise the wind (literally) for a new production. The author himself has been an impresario in his time, and it shows.

Prostitutes, Members of Parliament and Commissioners of the Metropolitan Police are the right mix for a novel of this kind, and although the author's humour is horribly lavatorial, he is nevertheless very funny in parts. He makes us laugh and cringe by turns. He has a tremendous eye for the awfulness of people: if he could only uproot himself and get a proper grip on his material, he would turn his talents to much better account.

Teresa Waugh's first novel *Painting Water* chronicles the life and times of a middle class Surrey family, mostly teachers or estate agents, from the last days of the war through 40 years of domestic harmony to the beginning of the 1980s. Grandfather ran a seedy prep school, one of those establishments where the report reads Weight: *beginning of term:* 5 stone; *end of term:* 4 stone 3. One daughter is a schoolmarm, the other, Alice, lives quietly in the country and raises a family. Her son Nicholas sensibly turns down a chance to follow Dad into estate agency and goes to France instead to paint water.

A low-key narrative, nicely suited to its theme, but more should have been made of that headmaster and his villainous school.

Crimes

by WILLIAM WEAVER

A Domestic Affair by Martin Russell, Collins, £6.95, 172 pages

Colin and Louise Fletcher are divorced but the divorce has made neither of them happier. Colin misses his children; Louise is lonely. Trying to find evidence of negligence on his wife's part, Colin engages a private detective (and leans on the sympathetic shoulder of a woman in the office); Louise, to fight her loneliness, puts an ad in the local paper and begins an apparently innocent friendship with a man who answers it. Step by step, Martin Russell leads his characters — and his hooked readers — towards nightmare. Paced with an unerring sense of tempo, the story is convincing and satisfying.

Coat of Arms by George Sims. Macmillan, £7.50, 224 pages

Antique dealers on the one hand, rightist extremists on the other, George Sims's story sprawls a bit and is, here and there, over-generous with information (we are given far more background than necessary on several of the characters). But the setting—in London and in a relatively unspoiled country town—is appealingly drawn, and the people involved come to life. A good read, leisurely in spite of the considerable violence.

Evelyn Waugh: working for the public prints

Waugh's scoops

BY PETER KEATING

The Essays Articles and Reviews of Evelyn Waugh
edited by Donat Gallagher. Methuen. £20.00, 662 pages

"There is no reason to suppose that in 10 years' time he will hold any of the opinions he holds today." Evelyn Waugh wrote of Aldous Huxley in 1937, and added; "That is one of the great embarrassments of lonely and individual thinkers." Waugh knew very well that most of his readers would approve of open-mindedness and expect individual thinkers to be lonely, but for him such intellectual flexibility was an "embarrassment." It is the kind of attitude that has led critics to describe Waugh's views as quirky, eccentric or anti-social, as though it is inconceivable that any intelligent man could seriously subscribe to them. But Waugh did.

The explanation lies in Waugh's Catholicism which was firm enough to colour virtually everything he wrote. Marxism he regarded as wrong not on any political grounds but because it is plainly nonsense to tell people they can be happy here on earth. He could see "nothing objectionable" in the world being totally destroyed by nuclear weapons as long as it happened "inadvertently": it would be a different matter if done "in malice" because that would mean someone had "behaved culpably."

These various opinions are taken from *The Essays, Articles and Reviews of Evelyn Waugh*, a massive compilation that reprints most of Waugh's occasional writing. For anyone already familiar with the novels, the only real surprise of the collection comes in the very early articles written when Waugh was at Lancing and Oxford. For a brief period he appears as so "ultra-modern," speaking on behalf of the younger generation and in defence of Cubism. This was followed by an equally brief spell of undergraduate affectation, but already he can be seen succumbing to the world-weariness that was to characterise so much of his later work.

With the success of *Decline and Fall* in 1928 his views were sought by editors on a wide range of subjects, serious and trivial. He seems always to have been willing to provide a few hundred or a few thousand words—for the money and publicity as he cheerfully admitted. He sent back reports on his many travels abroad, reviewed hundreds of books and films and commented on sunbathing, fashion, marriage and the state of Britain. Donat Gallagher has gathered together as many of these pieces "as the realities of publishing allow": he also contributes a useful running commentary on Waugh's journalistic activities.

It is doubtful whether Waugh's reputation is enhanced by making all of this material available. Much of it is ephemeral, some of the writing is ponderously uninspired and comparisons with other novelist-journalists do not work to Waugh's credit.

There are, as one would expect, some telling gibes. Harold Laski enthusing about collectivism in ugly prose becomes "a literary Mrs Jellyby who is too busy planning great economic chances to plan a pamphlet." Waugh could also neatly handle the Wildean epigram, as in his defence of Charlie Chaplin:

> Talent is sometimes forgiven in Hollywood, genius never. They smell it out and seek its death.

Though even in these instances something is lacking: such witticisms could have been made by many other skilful writers.

Waugh is at his journalistic best when describing the absurdity of Californian burial customs and at his most humane in his tribute to Pope John XXIII. Apart from Catholicism—even though, in one sense, nothing in Waugh can be separated from religion—he was most deeply moved by literary style. There are good essays on Ronald Firbank, Henry Green, P. G. Wodehouse and Graham Greene.

One of the most provoking essays was first published in the Daily Mail at the close of 1959. In it Waugh offered his predictions for Britain in the 1960s. It would be, he was confident, an excessively boring decade. A world war would probably break out in 1970 but at least the Labour Party was finished: "I do not think the electorate will ever again vote them into authority." With Harold Wilson, the Beatles and Carnaby Street so close, that does not say much for Waugh's prophetic powers but he was probably only talking about himself and, again, being ruthlessly consistent with his brand of Catholicism, when he proclaimed "I see nothing but boredom . . . everywhere."

SF tapestry

BY RAY LARSEN

Helliconia Summer by Brian Aldiss, Jonathan Cape, £8.50, 398 pages

With the passage of centuries Spring has given way to Summer as the exotic world of Helliconia continues the 2,592 year orbit of its binary star system. The beast-like Phagors who dominated the distant planet in its long winter are now docile and depleted. The hominoid races are in the ascendancy, their empires locked in conflict and ever menaced by barbarous tribes.

The vast panorama created by Aldiss in this second volume of his trilogy is distinguished from the usual planetary epic by the *verisimilitude* of his imagination. The detailed interplay of climate, geography, race, religion and politics is ingeniously *interwoven in a tapestry* which leaves the indelible impression of a teeming civilisation which exists in space and time.

It is a bizarre and gaudy world yet strangely familiar to us. There is a hint of allegory and we are clearly meant to draw a parallel with the *condition humaine* as its inhabitants struggle to shape their destiny. After centuries of interstellar exploration they are the only life-forms to be discovered by mankind. Because of this awesome loneliness, Earth takes an obsessive and paternalistic interest in their fate.

Helliconia Summer confirms and even outstrips the promise of the first award-winning volume of the story. The completed work seems certain to be accepted as a classic of its kind.

Tik-Tok by John Sladek, Gollancz, £7.95, 184 pages

The use of speculative fiction to hold a mirror to mankind has a venerable history and Sladek is one of the leading exponents of this method. Tik-Tok, a 21st Century robot, coolly observes the misdeeds of the human masters who patronise him as a "tin head." With the aid of extensive reading in detective fiction he sets out on a life of crime which exploits the venality of humankind. Criminal enterprise on this scale inevitably leads him into politics and he ends up as a popular candidate for the vice-presidency of the United States.

The result is a hilarious black comedy of the type which Sladek has made his own.

♥ ♥ ♥ HEART TO HEART ♥ ♥ ♥

ST VALENTINE'S DAY, as if you needed telling, is looming up, on February 14 to be precise. Though there's nothing to prevent you sending a bunch of flowers or a shop-bought card, there are much more imaginative ways of saying "I Love You" if you're feeling romantically inclined. The shops have scarcely ever been able to offer as wide or diverse a selection of sentimental offerings and many of them are pretty and desirable enough in their own right to give lasting pleasure throughout the year.

Though manufacturers and designers tend to be rather lavish with the hearts when their thoughts turn to Valentine's Day, in the best of them the hearts are sweetly integrated into the design and don't seem merely an after-thought. For instance Crabtree and Evelyn, those masters of the pretty packaging, have produced a single tablet of soap, but it is made from tea rose scented glycerine, is formed into a simple rose-coloured heart shape and comes in an enchantingly pretty box, decorated with pictures of lace and turtle doves—at £1.15 for one or £3.45 for a box of three it makes a charming, calorie-free present and can be found in good shops all over the country.

Healthy, and vitamin-filled are Telefruit's Valentine suggestions for surprising your nearest and dearest—a "passion box" (ie a Perspex container holding eight passion fruit) can be sent to any address in the UK for £4.95. Or what about a tropical fruit bubble (a Perspex capsule filled with exotic fruits) for £18.50? Telephone your order on 01-458 7211.

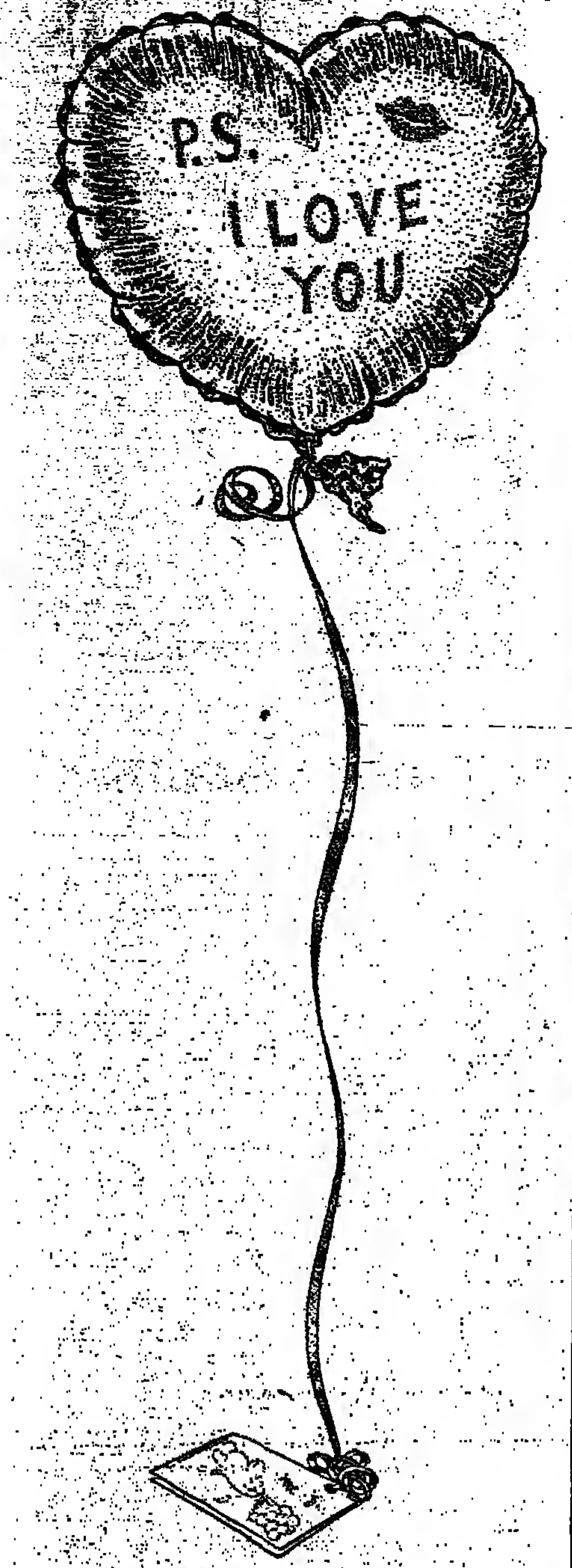
If you're not worried about calories, Rococo Chocolates at 321 King's Road, London SW3 has some wonderfully delicious ideas for Valentine's Day—there are chocolate hearts (large, small and broken!) at prices starting at 25p and going on up to £8. Choose from white, milk or plain. Postage is £2.50 extra.

Special are the heart-shaped boxes made entirely of chocolate (milk or plain) and filled with truffles—£3.50 from Rococo.

If, like most men I know, you leave things until the last minute, do not feel it is too late to make the romantic gesture—even your local Woolworth can supply you with inexpensive heart-shaped offerings. For instance, for just £1.25 you can buy a little box full of five chocolate hearts, each wrapped in red or gold foil. Or, if chocolate isn't his or her thing, there are boxes (heart-shaped of course) of fine sugared almonds for just 99p.

Another small and non-fattening present would be the enchanting little glass swizzle sticks topped with glass red hearts—just £2.40 each from The Cocktail Shop, 5 Avery Row London W1 (for the mail order brochure send sae). You can also ask for the free collection of recipes for St Valentine Day's cocktails delighting in such names as Kiss In The Dark and others of less printable nature.

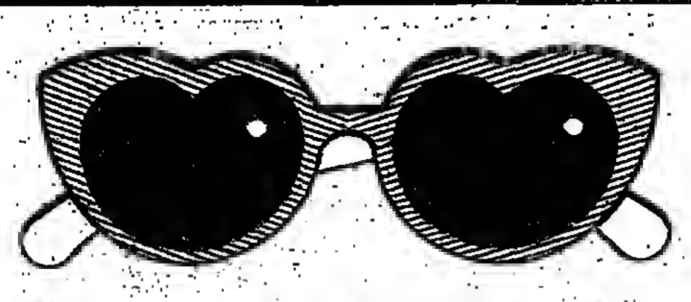
If none of these suggestions seems quite your scene read on—illustrated on the rest of the page are just some of the current ideas that caught our eye.



BALLOONS Over London of PO Box 124, London SW11 (tel. 01 622 7566) specialises in helium-filled balloons—marvellous not just for Valentine's Day but for parties and celebrations at any time. It will deliver helium-filled balloons in the London area or *will post them outside London.*

For Valentine's Day it is suggesting a balloon in a box—it arrives in a beautiful red and white striped box and when the box is opened the balloon floats to a height of about six feet, but the weighted card prevents it drifting away. The metallic balloons can be heart-shaped or round, and come in a variety of colours—silver/blue, silver/red and so on.

There are some with pre-written messages (PS I Love You, or Be My Valentine or You Give My Heart A Lift), or you can order your own very special message. The single balloon is £12.50 delivered in London, £8.50 posted elsewhere in the UK. Or you can order a bunch of five metallic balloons or 10 rubber ones for £18.50 delivered in the London area. For a big party you could have 10 metallic or 20 rubber balloons for £24.50. Orders for Valentine's Day can be phoned in up until February 10.

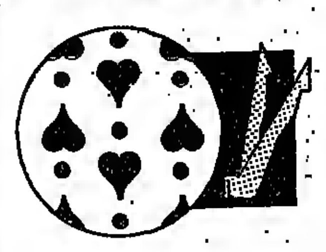


HERE'S looking at the world through rose-tinted spectacles—heart-shaped sunglasses with candy-pink and white striped frames. More fun than useful, £9.95 from Liberty of Regent Street, London, W1 (p+p £1).

LEFT

THE jewellery shops of Britain are awash with heart-shaped baubles of one kind or another and anybody who is both rich and *romantically-minded* will find that the problem is not so much where to go to find a special heart-shaped design but which of the many to choose from. Whether you feel like spending £5 or under on a pair of "gold" heart-shaped earrings or about £25 on one of Suzanne Katkhuda's ceramic necklaces or much, much more on precious stones and materials, the choice is huge.

Photographed left are some enchanting designs using gold and diamonds—the gold heart-shaped earrings set with tiny diamonds come from Ivor Gordon of 43b Sloane Street, London SW1, *and cost £770.* The gold bead necklace, strung with diamond pave hearts, is by Alan Gard at the Gold Garden, Ritz Hotel, London W1, and costs £1,500.



ABOVE

FUN for a very young girl to wear to a party—white tights embellished with tiny red hearts. Or you can buy the reverse colouring—white hearts on red tights. They are each £2.15 at Liberty of Regent Street, London, W1 (p+p 50p).

AFTER DARK, of 64, Pimlico Road, London SW1, specialises in all things pretty and beguiling for bedroom and bathroom. Pretty enough to use at any time are the range of kimonos, see above, travelling bags and pochettes all made from an enchanting heart-print.

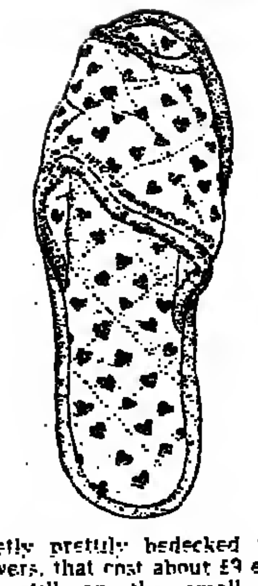
In pink, blue or red hearts on a white ground, the cotton kimonos make very attractive dressing-gowns or can be worn when just *relaxing* around the house. Kimonos are £22.50 each (p+p £1) but there are also travelling bags at £15.95 (p+p £1). These are made from the same heart print fabric in the same choice of colours. The bags are lined with a waterproof, plastic liner and have sturdy fabric handles. Measuring 12 ins by 18 ins they are big enough to make useful and pretty tote bags.

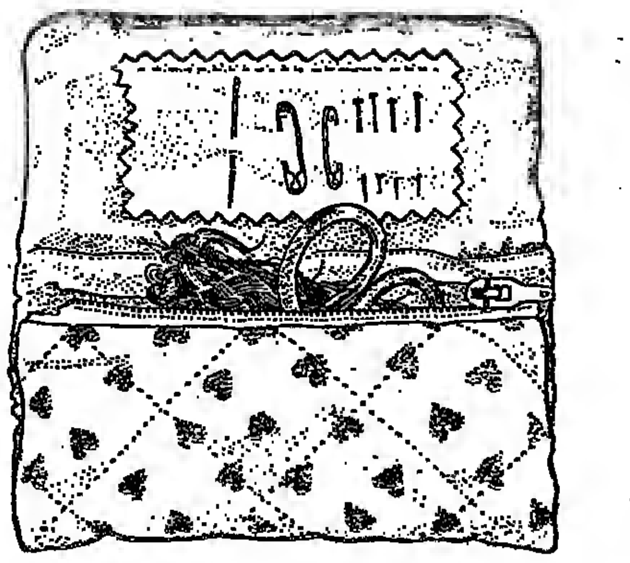
RIGHT

NINA Campbell's shop at 43 Walton Street, London, SW3, is filled with a host of romantic furnishing accessories, most of them are so deliciously pretty that they would make stunning presents at any time of year. However, Nina Campbell has her own special heart print fabric which comes in a soft pink, blue or green on white and which she uses to make up a few of her own accessories.

Sketched right is one of a pair of soft bedroom slippers at £8, and, below, an exceedingly pretty sewing set, ideal to give to somebody about to set out on some travels, also for £8. There are also heart-shaped and square cushion covers as well as charming nightdresses made from the same fabric. Out-of-town readers may order them by mail, adding £1 to the cost to cover postage and packing.

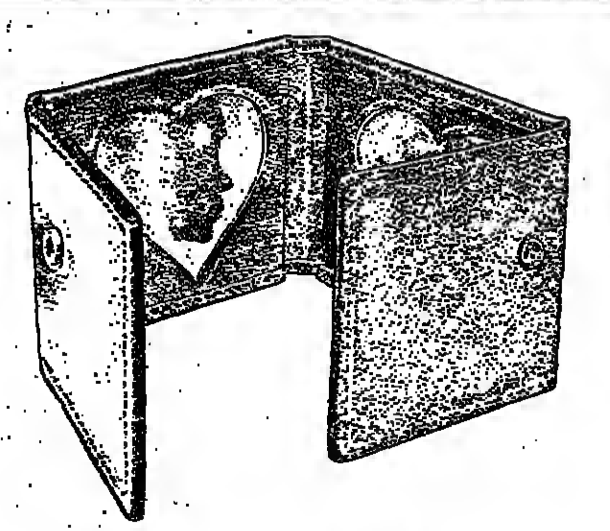
If you prefer to give something rather more solid there is a selection of porcelain boxes, in a variety of shapes, some round, some heart-shaped, mostly prettily bedecked with flowers, that cost about £9 each. Or, still on the small box theme, you could choose from a selection of heart-printed enamel boxes all of which cost about £27.50. Once again, Nina Campbell will post them to out of London readers.



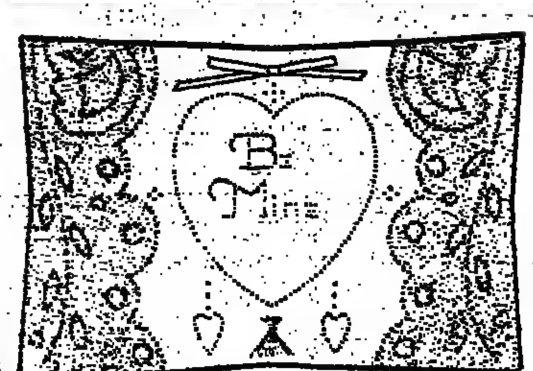


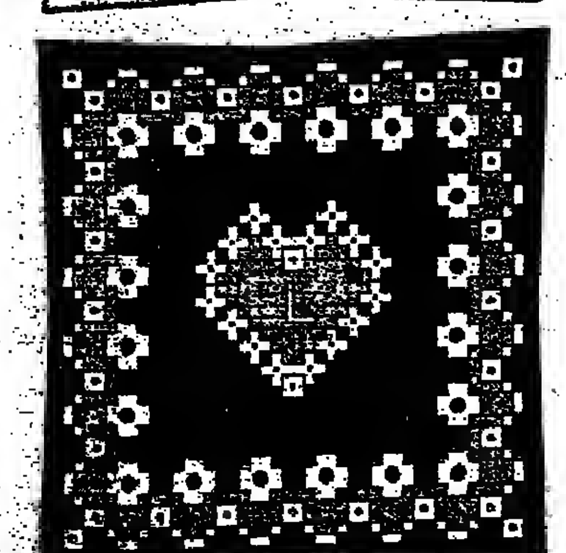
FANS of everything at Halcyon Days, 14 Brook Street, London, W1 will not be surprised to hear that one of the prettiest of all Valentine's Day commemorative presents is the little circular Bilston enamel box that makes number 11 in the shop's series of specially commissioned boxes to celebrate the day.

Decorated in white and gold trellis work with an inset of a blue-rimmed heart and pink roses, it was designed by Frederick Baylis and is unashamedly romantic—inside the heart are the words "With All My Love." Out and out sentimentalists can buy it for £29.90 and know that it is just one of a limited edition. Add £1.60 p+p for mail order.



WHAT my children would call an ideal "granny present," above—four little heart-shaped photograph frames, all of which fold up into a neat little square measuring almost 3 ins. In softest dark blue leather, it is £18.50 from Nina Campbell, 48, Walton Street, London, SW3 (by mail £1 p+p).





TWO adorable small cushions from Liberty of Regent Street, London W1. Top left, a pin cushion in softest cream satin and lace with hearts and the words "Be Mine" all formed from pin heads. Pin cushions were a traditional gift in Victorian times when girls would make them to give their loved ons. Today it seems easier to buy them. Measuring just 5 ins by 3½ ins, it is £12.50 (p+p £1).

Below, a kit from which you make up a charming small tapestry cushion just 5 ins square. Worked in pale green, pink and white, it costs £7.25 for the kit (p+p £1).

Other ideas from Liberty include special hand-coloured Valentine cards by Lyn Lewis—there is a choice of four designs and each costs just £1.95 and can be found in Liberty's One-Off department in the basement.

Drawings by
Michael Daley
and
Pauline Rosenthal

SAY it with ceramics—Suzanne Katkhuda of 173 Portland Road, London W11, is one of the few jewellers working entirely in clay, which she colours and glazes. She often makes special occasion jewellery—a necklace of holly for Christmas, this delicate pale pink and cream necklace of hearts and rosebuds, above, for Valentine's Day and enchantingly pretty primrose ones for spring.

Her prices start at about £24 and Liberty of Regent Street, London W1 and Naturally British of 13 New Row, London WC2 have a good selection of her work. Out-of-town readers can write to her direct and she will dispatch orders by mail but will naturally have to charge an extra £1 for postage and packing.

Forward planning

Radio 4's increasing concern with current affairs is being matched on Radio 1, where at breakfast-time and at coming-home-from-school-to-tea-time advice is being offered to 13- and 14-year-olds about how to plan their education. Perhaps "advice" is too strong a word; but at least Peter Powell presents the sundry alternatives, and the Manpower Services Commission will send free packs of information for those who ask. On Saturday lunchtime, moreover, the young can learn a lot about publicity, a trade in which some of them may decide to devote their lives, from *Hitsville USA*, Stuart Grundy's series about Motown, known to us wrinklies as Detroit. There's a belief that Radio 1 listeners can't concentrate for more than 10 minutes at a time, but hour-long Motown programmes ease the listening with a plentiful lubricant of Motown discs.

So much about education. Now the culture, for this has been an outstanding week for plays.

RADIO

B. A. YOUNG

On Sunday came the first of the three parts of *The Fountain Overflows*, adapted by Joan O'Connor from Rebecca West. I am not running this down when I say that it reminded me of Mrs Nesbit's children's books; indeed in my mind this is high praise. The story is not unlike that of *The Railway Children*: it is told from the point of view of three children whose father, a compulsive gambler, is constantly bringing their idea of a happy family home closer to disaster. We meet them first in Scotland, where the girls are scared at night by the noise of farm horses in the stables below them. The good news is that Father has been offered a job by his rich but mysterious friend Mr Morpurgo. He will edit the Lovegrove Gazette, and there is a house waiting for them in Lovegrove, which sounds much like Dulwich.

When they arrive, they find that all the furniture has been sold; but they settle in, and soon go to visit some cousins near by. Of all things, the cousins' home is haunted by a poltergeist, whose manifestations I must say they take very calmly, as calmly as Mrs Nesbit's children took the Ugly-Wuglies. Two more instalments to come; if they can remain as full of incident as this first, they'll be worth waiting for.

Mother and children are played with immense sympathy, and the direction by Margaret Wyndham is admirable.

Then two real block-busters from Northern Ireland, both directed by Robert Cooper. On Monday (I can't get away from Monday Plays) came *The Albatross and the Elephant Eggs* by Harry Barton, a light-hearted account of life on an aircraft-carrier in the last year of the war. Light-hearted, yet serious; when the Captain orders the ship's officers to mount a pantomime to keep the crew happy while the ship is delayed by a stripped gear-wheel, the comic events are described without exaggerating their comic nature, only in the straight-forward manner of an officer writing home to his wife. The same manner is applied to later events that no one could possibly make funny—an attack by a kamikazi bomber, the report of an atom-bomb dropped on Hiroshima. Because the story is told through the medium of intimate letters, the character of their writer shows through, and we are left to wonder whether his doubts about the future stability of the world after the invention of nuclear bombs has anything to do with his loss overboard.

The author is a retired Captain, RN, and there is a feeling of genuineness about the writing, as if it might really have all been true.

Then on Radio 3 on Thursday there was *The Death of Humpty Dumpty*, by Graham Reid, about the subsequent life of a Belfast man shot on his own doorstep after witnessing a crime he had nothing to do with. George is paralysed from the neck down, incapable of doing anything for himself at all. In hospital, the staff look after the appalling intimacies, either with kindness or with mockery according to their character; but at home, a wife and a son find these duties dreadful, especially as George has become ill-tempered and abusive. It was, I think, a miscalculation on the author's part to involve George in a series of affairs, recorded in his diaries in detail and duly discovered with his wife. His living death would have been bad enough.

Nor was I happy about the intrusive voice of a fellow-victim, who died but insisted on chatting with George from the hereafter. I see the author's object, to compare the cheerful nature with the sombre; but I wanted only to concentrate on the central figure, who was admirably played by Donal McCann.

Young hands at the Royal Shakespeare Company: from left, John Caird, co-director of "Nicholas Nickleby" and "Peter Pan," directs "The Merchant of Venice" at Stratford this spring; David Edgar, author of "Nickleby" and "May Days," returning this month to the Barbican; and Ron Daniels, 1984 London season director, who will be responsible for Hamlet at Stratford in September

The RSC looks to the future

The Royal Shakespeare Company is annoyed that the National Theatre is annoyed about their (the RSC's) good fortune. In last week's Arts Council announcement of the 1984-85 subsidies to the four big national arts companies, the RSC was given a £4.9m grant to go with the £900,000 already awarded to top up last year's grant of £3.6m.

Meanwhile the National stands still with all the other Arts Council clients in receiving a 2.9 per cent increase on last year for a total of £6.756m. The RSC says that, at last, it feels it has been recognised as a national company with an appropriate level of funding.

The increased grant to the RSC is certainly a result of the Priestley Report which, in its investigations last year into the RSC and Covent Garden, found both organisations seriously under-funded.

Well, the RSC was certainly in trouble. Priestley estimated the RSC's accumulated deficit at the end of March 1984 to be £691,000. The RSC threatened closure of its London operation in the Barbican. The NT feels it has been penalised for running, over the past three years, an efficient shop.

But, unlike the NT, the RSC's operation over the years—and it must always be remembered that the company was founded by Peter Hall in 1960 in defiance of the NT lobby—has, as Priestley is at pains to point out, grown up piecemeal.

This year's Stratford-upon-Avon season has just been announced and is notable for the fact that bright young actors are to lead productions by the company's younger directors. Trevor Nunn's sabbatical year ends with the opening of Andrew Lloyd Webber's *Starlight Express*, which he is directing, in March, but his duties during 1984 will be chiefly executive. The other artistic director, Terry Hands, is directing David Essex in a West End musical in the spring but is also taking his *Much Ado* production on a European tour and *Cyrano de Bergerac* to Los Angeles for the Olympic Games festival.

Meanwhile, back at the ranch, Kenneth Branagh opens as Henry V on March 28, Ian McDiarmid as Shylock on April 10, Anthony Sher as Richard III on June 19 and Roger Rees as Hamlet on September 5. This is a most promising line-up and should at least be consistent with the quality of work over the past two years. Stratford 1981-82 was the disaster season: the box office declined in the face of some awful productions and the company, much to the delight of the Arts Council, got out of trouble by spending more money.

By 1982-83 the box office had recovered, but the increase in costs, combined with inflation and the complications attendant on the move, in London, from the Aldwych to the Barbican, resulted in a deficit at the end of March 1983 of well over £1m.

The fascination of the Priestley Report, available in its full, glorious two-volume form from HMSO at the end of next month, is the acknowledgment it pays to this crab-like development of the RSC. The small-scale touring, when sponsors can be found, is obviously, to Priestley, a good thing. So is the annual visit to Newcastle, opening this year with the entire 1983 Stratford season on February 20. The Nissen hut theatre, The Other Place, in Stratford, celebrates its tenth anniversary with a season of new work by Pam Gems, Louise Page and Robert Holman. Priestley enters into the spirit of all this activity and ends up recommending direct funding for the company by the Treasury.

This suggestion has been welcomed by Terry Hands but frowned upon by the Arts Council who, rightly in my view, value the arm's length system of funding, and point out in their response to Priestley that the underfunding confirmed by the report (roughly 20 per cent in respect of both Covent Garden and the RSC) matches their view of the extent to which the arts *as a whole* are under-funded.

The great value of Priestley resides, in a less practical vein, in its anatomising of a great company. It is riveting to read what he has to say about production costs (budgeted to increase in 1983-84 by 15.4 per cent to £1.7m): actors' salaries (the highest paid in 1982-83 received £375 per week and salaries and expenses contributed to 22 per cent of total expenditure): his mild strictures on travel arrangements and the publicity and marketing departments.

It is company policy to supply new wigs for all main theatre productions. These are made of good quality European hair and fine laces for longevity. Animal hair (of the yak) is used for facial hair and occasionally wigs. The cost of making them in-house was found to be 50 per cent of that quoted by outside contractors.

I was dismayed to learn that the two Stratford gardeners earn only £8,000 between them. But salaries everywhere are on the modest, rather than reasonable, side (the RSC's financial controller earns £17,500, the six resident associate directors anything between £11,500 and £17,000, the Stratford box office staff £66 per week on average).

Priestley and his team take you to the nerve centre of the RSC, spraying useful suggestions here and there, just about swallowing the unusual contractual arrangement arrived at in order to keep Sheila Hancock hanging around before starting work on this year's small-scale tour, blurting out the old critical moan.

The RSC publicity controller tells me that the company will never complain about money again . . . "not for a couple of years, anyway." The RSC has been given what it asked for. They face a challenging spring future by the River Avon and in the Barbican fastness. Now they must make it work. Deficit, at last, and some will say not before time, is a dirty word in the RSC vocabulary.

MICHAEL COVENEY

Soft sell

The annual Video Software Show burst upon us this week, showing once again that the shape of images to come is compact, glowing and rectangular and arrives in small black plastic boxes. This spirited sales jamboree held in the bowels of Heathrow's Penta Hotel (though it's moving to Olympia in September) is useful in two ways. It shows just how vast the pre-recorded video market now is in Britain, with over 50 companies vying for business. And it also indicates how the show-biz razzmatazz once unique to cinema is now moving busily sideways to wrap itself round the small screen.

The casual visitor to the Software Show — not that any such person is allowed, of course, and one mustn't doubt that all those hellraising ten-year-old children were really accredited video dealers and journalists — would have his mind terminally boggled by the sights inside. Girls scantily dressed as mice ply you with balloons: a live Winnie the Pooh at the Disney stand accosts innocent passers-by to have their picture taken with him: an ashen-faced zombie hands out leaflets advertising Michael Jackson's *Thriller*; and a giant model of the Columbia space shuttle crouches for take-off at the Columbia/RCA stand.

It's like going to Heathrow to take the plane to the Cannes Festival and finding that the Cannes Festival has come to Heathrow. Every video company has a rainbow-hued catalogue wooing you with its wondrous products; though the lesser companies make do almost entirely with scrapings off the big distributors' shelves. And if you step down into the Penta's lower ground floor, you will be assailed by the experience of seeing the future and finding that it, well sort of, works.

Here lurks the Phillips Laser-vision stand, proving that these much-touted shiny discs are indeed superior in picture quality, if only just, to cassettes. And the 3D video stand next-door lures you into the horror of the green-and-red spectacles, wherewith you may see excerpts from something called *The Mask*. "Put the mask on now!" cries our host (live), and we duly don the specs as our hero (on film) grapples with shoot-out skeleton limbs and stereoscopic tree branches and wraiths of mist that float right out from the set and up our noses. 3D has always had the effect of making me want to go straight out and join the Flat Earth Society; but I dare say there's a market for this gimmickry in the hungry video world.

The most appealing innovation in the show, just because it was blessedly unassertive, was to be found on the first floor. A room lined with what seemed to be elegantly bound books proved to house the products of the "Esca" company: natty mock-leather, gilt-tooled cassette covers which will now enable you to camouflage *Sexy Vicars* and *I Spit On Your Experiment Camp* and insert them straight into your bookshelves next to *War and Peace* and *The Poems of John Donne*. The Folio Society is no doubt, even as I speak, having a corporate heart attack.

Like most of what is going at the Video Software Show, this is a brave attempt to make a down-market industry look up-market. But it remains stubbornly down-market. Much as I admire many of my colleague Alexander Walker's opinions, I am frankly appalled by his recent suggestion that in a busy week film reviewers

VIDEO

NIGEL ANDREWS

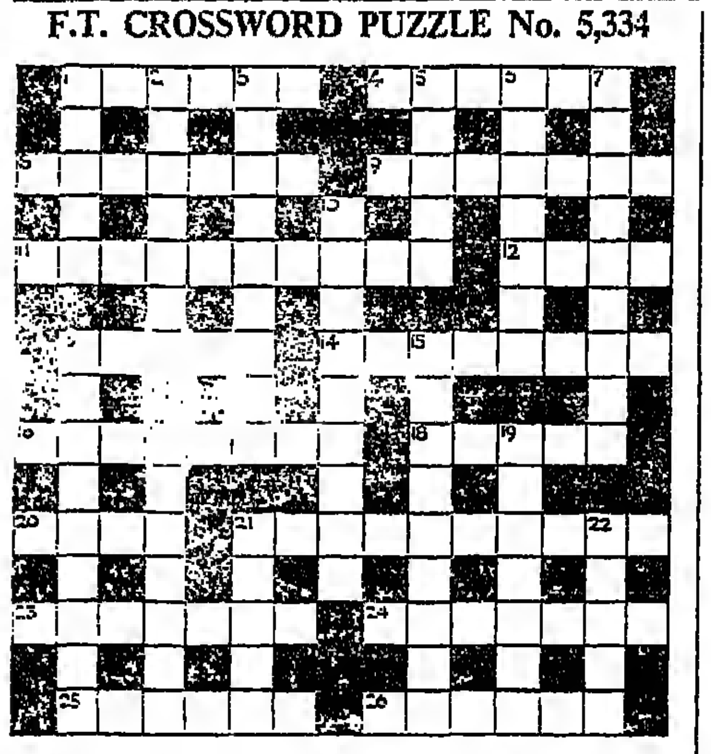
should be sent videocassettes of the movies it's difficult to go and see at a Press show. This is like a music critic being unable to go to a concert and asking for a scratchy record of the performance to be sent to him to review instead.

Video has to be reckoned with as a new and growing medium—hence this fortnightly column—but its shortcomings shouldn't be disguised or dismissed. The energy and resources of an event like the Video Software Show should go not towards hurling naked ladies and 3D skeletons at us, much as we may enjoy them, but towards showing that video might eventually be an adequate technical replacement for, or rival to, cinema: in subtlety, richness, definition and impact. At present that is spectacularly not the case. And not all the daft vaudeville pizazz and nubile nymphs lavishing publicity orisons on us, will help to disguise the fact.

New director at Watford Palace

The new artistic director of the Palace Theatre, Watford, is to be Leon Rubin, 29, the artistic director of the Lyric Theatre, Belfast, since 1981.

F.T. CROSSWORD PUZZLE No. 5,334



A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....

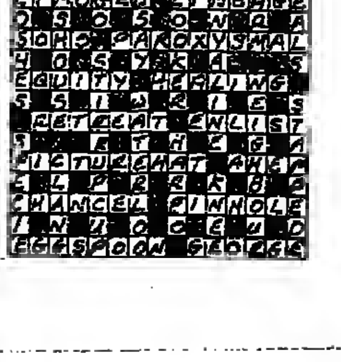
ACROSS

1 Attempt to take food inside—packed, we hear (6)
4 How one rushed, on a Monday morning, for a pressing engagement? (6)
8 Two girls—one giving trouble to housemaid (7)
9 Nice place for holidays (7)
11 POW camp has very little to give—it will take ages to grow (10)
12 Combed wool of animal on its back (4)
13 Constable, painter and dry colonel, they say (5)
14 Party race for bequest of money (8)
16 Rail commercial wash-out: this time-table is out of date (8)
18 Brown study in it? (5)
20 The last we'll see of Brer Rabbit (4)
21 Music-lover right at the front? (10)
23 Twitmore in Somerset (7)
24 Some vigorous tennis? Surrounded by difficulties! (4-3)
25 Green damaged at Turnberry's last? Try drive (8)
26 These days, service is for the public susceptible to advertising (6)

DOWN

1 Pamphlet of auto-club in motor-cycle event (5)
2 English palfrey, going head over heels, has no right to have blinker (3-4)
3 Great help, perhaps, to Morse? (9)
5 College-hood of civil engineers (5)
6 It holds the waves at Rhine turning (4-3)
7 What could be dirty room at 18? (9)
10 Receptacle for light gardening? (6-3)
13 British Rail to grate on the ear (9)
15 ID (surname) wrongly given for Alice (9)
17 Helping poor relations? (7)
19 Moses, when old, was framed (7)
21 Paying guest takes in Reagan—what's the point? (5)
23 Betting-prices at race-meetings short of time (5)

Solution to puzzle No. 5,333.



Solution and winners of puzzle No. 5,328

Mr R. A. Huntar, 536 Dumbarton Road, Glasgow G11; Mr D. M. Gaunt, Hill House, Dent, Sedbergh, Cumbria; Mr J. Crimp, Flat 3, Lion House, Lion Street, Brecon, Powys.

† Indicates programme in black and white

BBC 1

8.35 am Godzilla. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand. Including 12.50 News; Football Focus (12.20); Racing from Wetherby (12.55, 1.25, 1.55); Cricket: Second Test (1.10) Highlights of the second day's play in the Second Test between New Zealand and England; World Cup Skiing (1.40) Men's Downhill from Cortina; Rugby Union Preview (2.10); Rugby Union (2.20) Commentary on the whole of the Calcutta Cup match between Scotland and England at Murrayfield, Edinburgh; Skiing (3.55) A look back at the Winter Olympics held at Lake Placid, and a look forward to this year's Winter Olympics beginning in Sarajevo next week; Rugby Union (4.15) Highlights of this afternoon's match from Lansdowne Road, Dublin between Ireland and Wales; Final Score (4.35).
5.05 News.
5.15 Regional Variations
5.20 The Rod and Emu Show.
5.55 Jim'll Fix It.
6.30 The Action Film: "Support Your Local Gunfighter" starring James Garner.
8.00 The Les Dawson Show.
8.30 Bergerac.
9.30 News and Sport.
9.45 Wogan.
10.35 Match of the Day.
11.25 Late Night Horror: "Ruby" starring Piper Laurie.

REGIONAL VARIATIONS:

Wales—12.15-5.05 pm As BBC1 Grandstand except: 2.20 Preview of this afternoon's rugby: 2.30 Rugby Union: Whole-match commentary from Landsdowne Road, Dublin, on the match between Wales and Ireland: 4.15-4.35 Highlights of the Calcutta Cup match at Murrayfield between Scotland and England. 5.15-5.20 Sports News Wales.

Scotland—5.15-5.20 pm Scoreboard. 10.35-11.25 Sportscene—Football: Highlights of a game in the Scottish Premier League; plus, from England, a First Division clash: Rugby—Highlights of the Calcutta Cup match at Murrayfield between Scotland and England: Badminton — action from the Grouse Scottish Open Championships at Meadowbank, Edinburgh.

Northern Ireland—12.15-5.05 pm As Grandstand except 2.10 Boxing—Jim Nevilly recalls boxer Barry McGuigan's career; 2.55-4.35 Rugby—commentary from Landsdowne Road on the match between Ireland and Wales, plus from 4.15 highlights of the Calcutta Cup match at Murrayfield between Scotland and England: 4.55-5.05 Northern Ireland Results. 5.15-5.20 Northern Ireland News. 12.45 am Northern Ireland News Headlines.

England—5.15-5.20 pm London—Sport: South West (Plymouth)—Spotlight Sport: all other English regions — Sport / Regional News.

BBC 2

6.50-7.15 am and 9.20-12.15 pm Open University.
†2.50 Stars of the Silent Screen: John Barrymore in "Don Juan."
4.40 Play Away.
5.05 Saturday Cinema: "Take Me To Town" starring Ann Sheridan, Sterling Hayden.
6.25 The Earth as a Machine.
6.50 Sight and Sound in Concert (simultaneous broadcast with Radio 1).
7.30 News and Sport.
7.50 Cricket: Second Test. Highlights of the second day's play in Christchurch between New Zealand and England.
8.20 Arena Special "Say Amen Someone."
9.45 C. P. Snow's "Strangers and Brothers."
10.40 Men . . . and Power.
11.05 News On Two.
11.10-1.10 am "Day For Night" starring Jacqueline Bisset, Jean-Pierre Aumont and Valentina Cortese (French film with English subtitles).

LONDON

6.25 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Sesame Street. 10.30 The Saturday Show.
12.15 pm World of Sport: 12.20 World Cup Skiing and Swimming; 12.45 News; 12.50 On the Ball; 1.20 The ITV Six from Sandown and Stratford (introduced by John Oaksey and Jim McGrath); 3.00 Gymnastics—The Harrison Drape Champions Cup from The Royal Albert Hall, London; 3.45 Half-time Soccer Round-up; 4.00 Wrestling; 4.45 Results.
5.00 News.
5.05 Fraggle Rock.
5.35 The Fall Guy.
6.30 Child's Play.
7.00 3-2-1.
8.00 T. J. Hooker.
9.00 News and Sport.
9.15 "The Boys from Brazil" starring Gregory Peck, Laurence Olivier and James Mason.
11.30 London News Headlines followed by Rock Concert.
12.30 am Best of Saturday Night Live and Night Thoughts.

CHANNEL 4

1.55 pm Make It Pay.
†2.20 "3.10 To Yuma" starring Van Heflin and Glenn Ford.
4.05 The Hooper Bloop Highway.
4.35 Skateaway.
5.05 Brookside.
6.00 The Other Side of the Tracks.
7.00 No Problem!
7.30 News Headlines followed by Union World.
8.00 Twenty Twenty Vision.
8.30 An Audience with Mel Brooks.
9.30 The Avengers.
10.30 The Comic Strip Presents.
11.05 "To Kill a Clown" starring Alan Alda.

S4C (WALES)

1.15 pm A Week in Politics. 2.00 Basketball. 2.55 Rygbi Rhyngwladol. 4.35 Cartoons. 5.05 Yr Awr Fawr. 6.05 The Incredible Hulk. 7.00 Sêr. 7.30 Newyddion. 7.45 Siwrna Oda! 8.25 Treasure Hunt. 9.25 Y Maes Chwarae. 10.15 Arolwg. 10.45 Dream Stuffing. †11.15 Feature Film: "Saboteur."

REGIONS

IBA Regions as London except at following times.

ANGLIA
9.35 am Vicky the Viking. 10.05 Stingray. 5.35 pm Knight Rider. 11.30 The Roots of Rock 'n' Roll. 12.30 am At the End of the Day.

CENTRAL
9.25 am The Wonderful World of Professor Kitzel. 9.30 Metal Mickey. 9.55 Wattoo, Wattoo. 10.00 The Green Hornet. 5.35 pm Knight Rider. 11.30 The Roots of Rock 'N' Roll.

GRANADA
9.25 am Sesame Street. 10.20 Cartoon. 5.35 pm Knight Rider. 11.30 The Roots of Rock 'N' Roll. 12.25 am Thriller.

SCOTTISH
9.25 am Cartoon Time. 9.35 Stingray. 10.00 The Flying Kiwi. 10.25 The Adventures of the Mouse on Mars. 5.35 pm Knight Rider. 11.30 Late Call. 11.35 The Saturday Night Music Show—Des O'Connor Tonight—with Ken Dodd and Grace Kennedy.

TSW
9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Freeze Frame. 10.27 am Gus Honeybun's Magic Birthdays. 12.12 pm TSW Regional News. 5.40 Knight Rider. 12.30 am Postscript. 12.35 South West Weather.

TVS
9.25 am Wattoo Wattoo. 9.35 The Smurfs. 10.00 Mork and Mindy. 12.12 pm TVS Weather. 5.35 Knight Rider. 11.30 Jazz: Chico Hamilton and Johnny Griffin. 12.00 Comedy Tonight. 12.30 am Company.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Melotoons. 5.35 The Flying Kiwi. 10.00 University Challenge. 5.35 pm Knight Rider. 11.30 Pro-Celebrity Snooker. 12.15 am House Calls.

RADIO 1

(S) Stereo broadcast

8.00 am Tony Blackburn's Saturday Show. 10.00 Dave Lee Travis. 1.00 pm Hitsville USA (S). 2.00 Paul Gambaccini (S). 4.00 Saturday Live (S). 6.20 In Concert (S). 6.50 Sight and Sound in Concert (S) featuring Wang Chung from the Gold Diggers, Chippenham (A simultaneous broadcast with BBC2). 7.30 Janice Long. 10.00-12.00 Gary Davies.

BBC RADIO 2

5.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Bernie Clifton's Comedy Shop. 1.30 Sport on 2: Rugby The Calcutta Cup; whole match commentary from Murrayfield on Scotland v England; plus highlights on Ireland v Wales in Dublin; Cricket: Reports from Christchurch on the Second Test with New Zealand v England; Winter Olympics: Reports from Sarajevo; 5.00 Sports Report. 5.50 Racing results. 5.52 Pools news and results. 6.00 Folk on 2. 7.00 Jazz Score 7.30 Stanley Black's Music from the Movies. 9.30 Big Band Special (S). 10.05 Saturday Rendezvous (S) 11.00 Ken Bruce (S). 1.00 am Jean Challis presents Nightride (S).

BBC RADIO 3

8.00 am News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.00 Robert Mayer Concert (S). 12.15 pm Yvonne Kenny song recital (S). 1.00 News. 1.05 Franck and Brahms Sonatas (S). 2.00 Georg Phillipp Telemann (S). 3.00 Gemma Lloyd (S). 3.40 Frank Martin and Honegger (S). 4.35 Mozart piano recital (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Iberian Organ (S). 7.15 My Heart Belongs To Daddy (Short story). 7.30 Concert from Leeds, part 1: Shostakovich (S). 8.10 What Every Schoolboy Knows. 8.30 Concert, part 2: Berlioz (S). 9.35 Vow Of Silence (Short story). 10.00 Traditional Japanese Music (S). 10.45 The Romance Of The Rose (S). 11.15-11.18 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 It's a Bargain. 7.55 Weather; Travel; Programme News. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.45 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm The News Quiz. 12.55 Weather. 1.00 News. 1.10 Any Questions? from Tewkesbury. 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-Minute Theatre (S). 2.35 Medicine Now. 3.05 Wildlife. 3.30 Home-ing In. 4.00 News; International Assignment. 4.30 Does He Take Sugar? 5.00 The Chip Shop (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel; Programme News. 6.00 News; Sports Round-Up. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 10.00 News. 10.15 You the Jury. 11.00 Lighten Our Darkness. 11.15 Animal Language. 11.45 A Sideways Look at . . . by Anthony Smith. 12.00 News.

RADIO LONDON

7.32 am Good Fishing. 8.04 London Today. 9.03 Inside London. 9.30 Corridors of Power. 10.02 All That Jazz. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 5.00 Guideline. 6.30 Evening Star. 7.30 Hold the Front Page. 8.00 Eastern Ear. 8.30 Good Fishing. 9.00 As Radio 1. 12.00-6.00 am As Radio 2.

LBC

7.00 am AM with Peter Deeley. 10.00 Clive Bull's Fix-It Phone-in. 1.00 pm Sportswatch with Jeff Stelling and Geoff Clark. 8.00 Des Fahy Reports. 7.00 Great Male with Suresh Joshi. 9.00 Network. 10.00 Adrian Love's Nightline. 1.00 am Steve Allen's Night Extra.

CAPITAL RADIO

7.00 am The Breakfast Show. 10.00 Pick of the Tops—Take Two. 12.00 Love Song Saturday. 2.00 pm Afternoon Delight. 5.00 Gary Crowley's Magic Box. 7.00 Greg Edwards' Soul Show. 9.00 Roots Rockers. 11.00 Foreign Affair. 12.00 Midnight Special—Phil Allen.

CHESS SOLUTIONS

Solution to Position No. 501

1...K-R2; with the idea 2 R-R7, K-N1; 3 R-R8 ch, K-N2 returning to the diagram but with White to move and in zugzwang. If 4 R-R7, K-B1 and the black king goes across, then down the board to capture White's pawns. If 4 K-B2? R-QR8; 5 RxP, R-R7 ch and RxR. If 4 K-R2, R-QR8; 5 RxP, RxP followed by R-B4 and Black wins with three pawns against one.

Solution to Problem No. 501

1 K-N2 (threat 2 R-KB1), PxP; 2 R-B3, or if N-N4; 2 B-N3, or if N-Q5; 2 PxP. 1 N-N4? is an optical illusion after PxN; 2 N-Q6 ch, K-K4.

APPOINTMENTS

TRADER

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Finding the right diet for bookworms

BY WILLIAM ST CLAIR

A COLLECTION of books, like all growing things, needs regular attention if it is not to degenerate into a shameful and unsightly mess. The half morocco of a quarto Lady of the Lake which I bought recently seems as fine as when it left the bindery of B. Frye of Halifax in 1810 but, as economists are forever telling us in surprised tones, the future may not be like the past, and we would be unwise to rely on history repeating itself.

Some leathers deteriorate within 50 years—the Victorians who were so good at other things, were particularly bad at tanning—and modern central heating can be destructive if the air is kept too dry.

My own policy is to give leather bindings the full treatment when they first arrive, and then to repeat it every 15 years or so whether they need it or not. For a moderate-sized collection this may mean finding up to half an hour a month, but it is time well spent.

The stuff to use is a mixture originally devised by the Conservation Department of the British Museum which consists of 36 per cent wool fat, 2.6 per cent beeswax, 5.2 per cent cedarwood oil, and 56.2 per cent hexane. You can have it made up by your chemist, or buy it over the counter from the pharmacy at Boots in Piccadilly Circus at £9.44 for a half litre bottle.

You dab it lightly and conservatively all over the selected volumes with a soft cloth in the evening and leave them standing upright on the FT overnight. The hexane allows the other ingredients to sink deep into the leather and by the next evening the books should be completely dry and ready for the gentlest of rubs.

This treatment does not arrest chemical decay, but it makes the leather more supple, prevents the nasty brown snufflike powdering, and gives the books a fresh appearance. Most people will be content to treat the symptoms until a cure is found.

The mixture smells so deliciously of beeswax and it has such a reviving effect on old leather that I have been tempted to try a teaspoonful myself or rub it hopefully on my furrowed brow, but this is not recommended. It is highly inflammable—and must be kept away from smokers.

Connolly's Hide Food is much cheaper but although it works well enough on the upholstery of vintage cars, it is not suitable for books, being liable to remove the colour and gilding of lettering. Some dealers commit atrocities with saddle soap and even with varnish, but this, I am glad to see from an unmoved wall of ruined books at one of the fairs, usually renders them unsaleable.

Cloth is much less durable. Backus, a preparation sold by dealers and available direct from Edgar Backus of Leicester, appears to improve softer cloths, but I am doubtful if anything does much good.

Judicious work with a crumbly rubber can take away excessive dirt, and I leave it at that. Stronger than boards and cheaper than leather, cloth was preferred by producers because it enabled them to offer a more finished product, but careful buyers long continued to rebind in half-calf in the usual way.

It was many years before labelling was satisfactory—even in the 1920s publishers sometimes acknowledged the existence of an unsolved problem by including an extra label just as my tailor sews a spare button on my new coats—and I am no friend of original cloth if a contemporary rebind is available.

Long-run pessimists find much support in the history of book technology. The best material, vellum, was overtaken first by leather then by cloth and recently by paper. Invented by the second century and still in common use in the 18th, it is almost indestructible.

The Elzivir Gyllius On the Thracian Bosphorus, 1632, which I bought from F. Norman shortly before he died has needed nothing more than a rub with a piece of bread, and my illustrated Ariosto of 1587 looks well prepared for its second 400 years in spite of a misguided attempt to clean it with soap and water.

Vellum-bound books, although still available at reasonable prices, are chiefly 17th century Italian theology and are now valued more for their form than their content. I know an Oxford collector who maintains an ancillary collection of limp vellum, irrespective of content, alongside several others which have greater intellectual coherence.

For centuries vellum competed successfully with other materials. It was even used for account books which were not made to last, and the shift to calf was more a matter of changing tastes than of movements in relative prices.

The main raw material needed to make it is sheep, and there is an obvious investment opportunity here for the entrepreneurs who are casing the Falkland Islands.

A snapshot of the past

BY JANET MARSH

ONE OF the most attractive, though least known specialist collections in reach of London is the Kodak Museum at Harrow. Though it has only been open to the public since 1980, it is in fact a very old collection. Since 1927 a succession of dedicated curators — supported by generations of donors and lenders, since there has never been a large purchasing fund—have built up one of the most important photographic collections in the world. The present curator is Brian Coe, a major authority on the history of photography and cinematography.

Both he and his museum carry their scholarship and prestige gracefully. The museum is above all an entertaining place. At a time when more and more museums strive to appear like satellites that have failed to make orbit, this one actually looks like a museum. The result is homely and reassuring, with show cases that look invitingly overcrowded though there is an artful design about the arrangement, and the objects are all restored to pristine brightness. There are plenty of working models and buttons to press (all in working order).

The exhibition sets out to tell the story of photography, simply and logically, but in all its aspects. The displays show not just the technology but the art and craft as well. Beside the cameras we can see the kind of pictures that they took and the kind of materials and accessories and problems that went with them. Appropriately to the connection with Kodak alongside the great historical landmarks of photographic progress the collection also shows the sort of apparatus the most modest amateur snapshooter might have used at any time in the last century or so. A parallel section of the museum covers the history of moving pictures, from Javanese shadow shows and eighteenth century magic lantern slides up to the latest technologies.

The museum's outstanding treasures include one of the few surviving cameras made to Daguerre's own specifications by the Parisian optician Giroux in 1839. By comparison with English cameras made a few years later, and superbly crafted in mahogany and brass, Giroux's deal box may look crude; but it deserves veneration as the world's first commercially marketed photographic camera.

A contrast in size and craftsmanship is the perfect working miniature scale model of a Brownie, made for Queen Mary's Dolls' House. The Brownie is still at Kodak because when it was finished the firm decided that a Brownie was hardly good enough for a Queen, and built a more sophisticated folding Kodak instead. This still resides at Windsor Castle.

The cinematographic rarities include the only complete surviving example of the world's first large-format movie apparatus, the Demeny-Gaumont Chronographe of 1896. A stock of films, in narrow 60mm width and even in some cases coloured by hand, have survived with the machine. Kodak also have the English-designed Kinemacolor projector, which showed the world's first true colour films, before World War 1.

A favourite exhibit is the reconstruction of the studio of E. Reeves, a Lewes photographic firm that has been in business since the 1850s. The firm was unusual in keeping all its negatives and much of its apparatus from the start, and so has been able to loan all the paraphernalia of a Victorian studio, including scenic backdrops, bizarre posing chairs and gruesome metal supports to hold the sitter's head steady during long exposures.

The museum also has an exhibition area, and its shows, regularly changed, are designed to demonstrate that there is a lot more to photography than "high art." Recently there have been successful exhibitions on Victorian fashion, and on the "Comic and Curious," ranging from prison mugshots to incautious fancy dress. This weekend sees the start of a new exhibition devoted to the work of James Jarché, who worked for many years for The Daily Herald and the weekly picture magazines. His evocative documentary pictures demonstrate what a sharp eye and quick response a news photographer needed in days before motor drives, when he had only a plate camera and a one-shot chance to capture the right moment.

There is every reason to see the Kodak Museum very soon: it is no longer a secret that the company plan to close it at the end of this year after less than five years of public opening—a sacrifice to recession-era economies. The loss to the London region may be Yorkshire's gain. The most likely future for the collection will be amalgamation with the new National Museum of Photography in Bradford, if the Science Museum can raise the considerable funds which would be needed to house it properly.

Magnanimous as Kodak's gesture in handing over this huge prize may be, the dismantling of the present museum would be a deplorable loss. Any good museum or collection has its own unique and inimitable character. This is above all true of Kodak; and its combination of academic scholarship, human interest and quirky humour is quite at odds with the no less admirable high-tech spectacle of Bradford. At Kodak you can peer nosily through the window of a Victorian photographer's studio; at Bradford you are thrust surrealistically in to the belly of a giant model camera. Personally I prefer the Kodak style (the inside of a camera turns out to be rather a dull place) but that is a matter of taste.

A collection, however, is much more than the sum of its exhibits, and trying to marry the Kodak and National Museum collections is like absorbing the Soane Museum into the Metropolitan and expecting it to keep its character. The moral is to visit Kodak while we still have it.

The Kodak Museum is sited in the original Kodak Factory (built in 1891) at Headstone Drive, Wealdstone, Harrow; telephone 863 0543. It is open from Monday to Friday from 9.30 am to 4.30 pm; Saturday and Sunday, 2.00 to 6.00 pm. Admission is free.

"Just Jarché," an exhibition of the photographs of James Jarché

Adventures with bulbs

THE SPRING BULB catalogues are now available and though it is still a little early to plant anything they offer, except in the mildest parts of the country, it is certainly time to order anything that cannot be bought easily over the counter in garden centres and shops. This will include snowdrops which are only available at this time of year from a few specialist firms such as Broadleigh Nurseries of Bishops Hull, Taunton and Avon Bulbs, Bathford near Bath.

In late winter and early spring it is not dry bulbs of snowdrops that are available but growing plants despatched green and moist packed in moss and polythene and needing to be replanted within a few days of being lifted from the nursery beds. It is a peculiarity of the snowdrop that it transplants most successfully while in flower or immediately after this but shops and garden centres are rarely able to touch this trade because of the short shelf life of the plants. They must come direct from the grower, mainly by mail order, and it is only a fairly well informed public that is aware of this and able to take advantage of it.

These specialist nurseries offer many snowdrop species and varieties that are not otherwise available but they are mostly rather expensive by comparison with the common single and double flowered varieties of our native snowdrop. Yet I would regard a few plants of a variety named Atkinsii as an excellent investment at 60p or thereabouts each as this is such a fine flower produced on a sturdy plant that increases by natural offsets with astonishing rapidity.

However the main emphasis in spring is not on hardy things such as snowdrops but on semi-hardy plants such as gladioli, acidantheras, crocosmias, schizostylis, habranthus, crinums, ixias, sprekelias and tigridias which can only be trusted outdoors in winter in very well drained soils and particularly mild places though they are quite safe from about April onwards.

GARDENING

ARTHUR HELLYER

Little need be said about gladioli which are freely available everywhere. Nor is it much use recommending particular varieties as most of the corms are imported and what is available seems to depend a lot on how the crops have succeeded the previous summer in the continental nurseries which specialise in them. Some mail order firms get over this difficulty by offering mixtures of colours only and in shops and garden centres gladioli are often sold under colour description rather than under name.

However there is one type of gladiolus, the so-called Nanus or Colvillei varieties, which do require a little more explanation. These start to grow very early and are much planted in autumn under glass or in warmer countries than ours to give cut flowers in spring and early summer. However the corms can be stored dry and so held back for March-April planting outdoors and are certainly quite successfully grown in this way in the south of the country. I have seen them flowering freely in early summer at Culzean Castle, Strathclyde, so adventurous gardeners might well try them much further north than is commonly recommended. They have smaller individual flowers than those of the ordinary summer flowering gladioli and they are carried on more slender spikes. Many people find them more attractive than either the large flowered or the medium flowered Butterfly gladioli.

Crocosmia includes the plants commonly known as montbretias and also other species, such as the spectacular *Crocosmia masonorum* which curls the tip of its flower spike over so that its fine orange-red flowers face upwards and make much more effect than the usually downward-drooping montbretias. New hybrids, such as deep red Lucifer and dusky orange Emberglow, have the same upward looking habit and so has the closely allied *Curtonus paniculatus* which I grew as a lad as antholyza (mockingly garbled to Aunt Eliza) and in its native South Africa known as Pleated Leaves because of its handsome ribbed leaves. It has been around for ages yet it is rarely offered in catalogues.

Schizostylis is also South African in origin, there known as the Kaffir Lily, not a true bulb or corm but a plant with stringy rhizomes which swell out in places to form some kind of storage organ. Its value is that it flowers late, from the end of August until December for some varieties such as pale pink Viscountess Byng. This variety also spreads more rapidly than any other I know though it is run close by the wild form of the species, scarlet-flowered *S. coccinea*. But now more and more larger flowered varieties are making their appearance such as Sunrise, clear pink and Zeal Salmon, salmon pink. I find they all succeed best in slightly moist soil and a warm, sunny place.

The hardy Diamond Lily of South Africa, *Nerine bowdenii*, is also likely to be offered for sale in spring. It is probably not the best time to plant it as it should be then already be in leaf but I would take it then rather than be without it as it is both the most handsome and the most easily grown of all nerines. It is also, in my experience, completely hardy provided it is growing in a sunny place and in reasonably well drained soil. Its fine clusters of deep rose flowers appear in autumn and its bulbs need to be planted with their tips just covered with soil. Once established it can be left alone for years until the increasing number of bulbs forces the central ones out of the ground.

Sarejevo, 1984 . . . **Arthur Sandles** reports

How the West can be won

IF THE Americans, West Germans and British take lots of medals at the winter Olympics which start next week in Sarejevo the real winners will be the Yougoslavs.

The reason for that is simple enough. For winter sports enthusiasts this snowy competition may be all about ice rinks and slalom courses. For the Yugoslavs it is simply a matter of hard currency.

For years the Yugoslavs, having succeeded in putting themselves on the summer holidays map, have been seeking recognition as a winter sports destination. "Why do you British not come here?" said a tourist official plaintively. "We have more mountains than Austria."

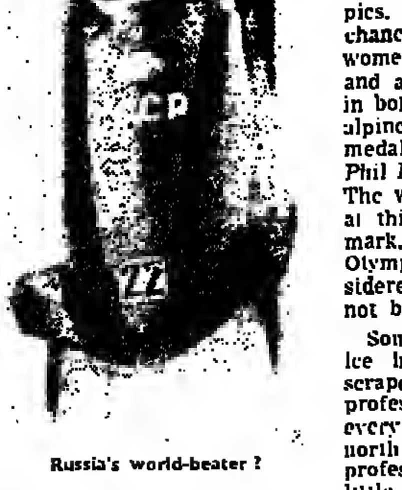
Over the next two weeks they will have a chance to prove that their mountains also have snow.

The U.S., the UK and West Germany are the main winter sports tourist generating nations. More than 400,000 Britons alone may head for the European slopes this winter, and so far Yugoslavia feels it is not getting its fair share.

In bidding to put itself on the ski map this small and relatively poor nation has spent a shade under £100m. The sale of television rights has recouped half of that, sponsorship a further 25 per cent. A couple of years ago the exclusive sales rights in the Olympic area for everything from chocolate bars to newspapers was being hawked around the world.

Coca Cola paid £35m for its share of the *Olympic* action, and through that a place in front of the Olympic TV cameras.

Local ticket sales should make up the difference between profit and loss, but even if it does not the Yugoslavian slopes will get the sort of worldwide publicity that money could not buy. Try putting a price on the 40 hours of time that Britain's BBC alone will be dedicating to the event.



Russia's world-beater ?

But local dreams of a clean sweep by their main target nations are likely to be dashed, however, by the sheer strength in winter sports of the East Europeans, who unfortunately are not known for their spending potential on the jet-set ski slopes, and the Austrians who have hills of their own. British hopes are pinned on the Bolero skills of ice-dancers Jayne Torvill and Christopher Dean, while the West Germans are placing their bets on the ski ability of Irene Epple and Marina Kiehl and a strong Biathlon prospect.

Britain's skiers are too young and too inexperienced for any real hope. A kindly cameraman might give us a passing view of the Bell brothers on the downhill slopes next Thursday, but the real target of this rapidly improving pair is the Olympics of 1988.

For the Americans, however, this could be a glittering Olympics. They have excellent chances in the men's and women's singles skating events and are likely to do very well in both the men's and women's alpine ski events. U.S. medal confidence is placed in Phil Mahre in the giant slalom. The world's acknowledged best at this event is Ingemar Stenmark, but by present day Olympic standards he is considered a professional and will not be competing.

Somehow or other the Russian ice hockey team manages to scrape through the rulings on professional status. With almost every likely hockey player in north America signed on to a professional team there seems little prospect of an upset here, even though it did happen to local delight in Lake Placid in 1980.

The Russians too are likely to dominate one of the more exotic sports of the winter games, the bob-sled, and provide one of the major talking points. Only a couple of months ago the USSR unveiled its secret weapon, a shark-shaped sled complete with fins. These protuberances push the sled hard down on to the snow and thus increase the speed.

This device, and a similar one used by the East Germans, has completely upset the form-book, quite apart from breaking records. Expect these two nations to dominate the event, once very much a British corner of winter mountain activity.

Peter Robbins on to-day's Rugby international

Triple Scotch coming up?

AFTER THEIR splendid win at Cardiff, Scotland hope to lay the other hand on the Triple Crown when they play England at Murrayfield today. Victory over the old enemy in this the 100th Calcutta Cup would leave Scotland needing a final win in Dublin for that great prize.

It is England's first outing since their historic win against New Zealand in November. Both sets of selectors have properly indicated that their players have earned the right to play once more and in both teams there was evidence of great confidence.

What will England have learned from the Wales-Scotland game at Cardiff that they can assimilate into their pre-match planning? First, that the Scottish pack is more durable than anyone thought. In that desperate finish the Scots forwards were still going strong. Next, that the influence of Calder, Paxton and Leslie is inestimable.

Leslie gave one of the finest performances of modern-day flank forward play yet seen. His grubbing for the ball on the ground was so productive, his line-out work (thanks to some marvellous throwing by Deans) was remarkable against the giant Moriarty.

England too, however they play it, must have a healthy respect for Scotland's other attacking options. I am sure that Laidlaw will test Paul Simpson as much as he did Moriarty. Rutherford had a very indecisive day in Wales and surely cannot repeat that form today. On his day he is one of the most subtle of runners and passed well, which is more than can be said of his centres, Kennedy and Johnson.

For a pair that were so good in defence they never developed the same confidence in attack. Dods to his eternal credit kicked some vital goals against the usual hostile cacophony of Welsh booing and whistling. At times he frightens his supporters but manages to pull the rabbit from the hat.

I hope England will play a more expansive game this time. If the game is played fluidly then England's back row will be stretched and there must be some real concern about the match fitness of both Colclough and Wheeler.

Simpson was picked for a specific task against the All Blacks but he will now have to prove his pedigree in the home championship. I think the Scottish back row, in spite of Winterbottom's brilliance will finish slightly on top.

The half back pairing of Young and Cusworth would also come under close scrutiny and although elimination of error in attack is always a bonus England should not have to rely on opposition mistakes and Hare's incredible kicking.

Davies' inclusion in the centre in place of the injured and much missed Dodge does not detract too much and it is noteworthy that Woodward seems to have found his old sharpness.

We may therefore see a lot more from England backs where Slemen must show this time that he can still run in the tries. All in all we look set for a most appealing game of *rugby which Scotland should* win, narrowly.

Wales go to Dublin with a new front row and new captain in Watkins, the hooker. Stephens and Eigmann are old hands but somehow the Welsh are looking on Watkins as some sort of *deus ex machina*.

Wales have a very good chance today but it is sad to see Slattery omitted from the Irish side. He has been a marvellous servant to the country and his replacement, Duncan, has a great gap to fill.

Dacey did not control the Scottish game tactically but he still brought out an immense amount in Ackermann and Bowen. He reminds me very much of Barry John without yet having that great player's vision. So on balance it looks like a Welsh win because the Irish are suffering badly from a lack of incisiveness and pace in their three-quarters.

Ben Wright reports from Pebble Beach

Finding golf's superstars

THE IMMINENT full-time participation of Spain's Seve Ballesteros and Australia's Greg Norman on the American golf tour has the public in a fever pitch of anticipation—and not a moment too soon.

In 1983, for the first time in the history of professional golf in the U.S., no single player managed to win three tournaments. It is a fact of modern life that a circuit needs its superstars to succeed at the box office. As USPGA tour commissioner Deane Beman says: "Our star system appears to be collapsing. And my goodness, we need one badly."

In fact the prospects here now are as exciting as they have ever been, with the foreign challenge of Ballesteros and Norman being backed up by Nick Faldo, Europe's No. 1 in 1983, who has already arrived, and is a seasoned performer here.

Ken Brown, who qualified for this tour by tying for 20th place at last autumn's qualifying school in Florida, is another avowed European defector. Sam Torrance lost a magnificent chance to gain exempt status here when he squandered a three-stroke lead in the final round of the 1983 Southern Open last October in Columbus, Georgia, and was beaten in a four-hole play-off by New Mexico's Ronnie Black.

But Sam has already arrived here and is keen ot continue to play here as long as he can hold out. Germany's Bernhard Langer wants desperately to succeed here and Paul Way, the most exciting British prospect to emerge since Tony Jacklin, told me in Portugal last November that his ultimate ambition is to compete here with distinction.

Where the European tour will go in terms of sponsorship is uncertain. But one thing is certain. The Ryder Cup team selection system will have to be radically altered, yet again, to accommodate these talented defectors.

I firmly believe the European team might have won in Florida last autumn had Californian resident Peter Oosterhuis been in the team.

Oosterhuis has enjoyed a *successful start to the season* here, and after the first four events is 32nd on the money list. But three "rookies," Corey Pavin (on 11th) Willie Wood (on 27th) and Joey Sindelar (on 36th) have overshadowed practically everything achieved by their more seasoned rivals.

The most interesting aspect of this trio's emergence is that Pavin and Wood, former Walker Cup teammates, both weigh less than 10 stones, which perfectly illustrates the fact that skill and timing will triumph over brute strength at least some of the time.

Pavin, who won last year's South African PGA and German Open Championships, is tipped for superstardom by no less an authority than Eddie Merrins, the renowned teaching professional at the Bel-Air club in Los Angeles, who was Pavin's college coach.

The similarly diminutive Wood won the medal by two strokes at last autumn's qualifying school with a performance remarkable for its ruthlessly clinical efficiency.

In six rounds at the daunting Tournament Players' Club, Wood had two scores of 70, two of 71, and two of par-72 in the most pressure-packed tournament in golf. Sindelar, who tied for third place at the school, is the biggest of the three newcomers at a modest 5 ft 10 in.

I had the good fortune to play at Pebble Beach on Wednesday on the eve of the 43rd Bing Crosby National Pro-Am with the man widely acknowledged by his peers to be the longest hitter in the game, the massive Lon Hinkle.

We walked the course in a fraction under four hours. But the paying customers who play regularly at this most famous and beautiful public course in the world, assure me that it now takes them as long as six hours and more to play on a normal day using motorised carts. They pay nearly $100.

I partnered Hinkle in the Australian Open Pro-Am some years ago and found it a shattering experience, since his ability to propel the ball such vast distances gave me a complex of even more bewildering inferiority. On that occasion at the Australian Golf Club in Sydney we paced out one of Hinkle's drives at 382 yards, admittedly wind-assisted.

On Wednesday Lon really creamed his drive at the 464-yard ninth hole, but this time a ten mile an hour wind was blowing in his face. This time we measured the drive at 324 yards, and the passing of the years has done nothing to dispel my sense of inadequacy.

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A tale of two budgets

EARLIER this week President Reagan introduced his fourth budget to Congress. This highly political document, which makes not even a pretence of addressing the problem of the enormous federal deficit, was sufficiently unrealistic to cause a scare in the currency markets. At the same time, however, Prof Martin Feldstein, the turbulent chairman of the President's economic advisers, issued a statement explaining that high deficits and high interest rates drive exchange rates up, not down. This configuration would in the end undermine American industry, he said.

In a very few weeks Mr Nigel Lawson will introduce his own first budget, and it will be a very different document. The Government has put low borrowing at the centre of its policy, and although some ways of reducing borrowing seem more virtuous than others—selling off assets is hardly the same thing as running a tight ship—we have the tightest policy in the western world.

The conventional wisdom of both Prof Feldstein and Mrs Thatcher suggests that this contrasting pair of policies should produce contrasting results—a competitive economy with low interest rates here, and high interest rates and de-industrialisation in the U.S. Yet it is in the U.S. that growth has been energetic, and remains well above any level we seem likely to reach.

Contrast

In the U.S., despite an overvalued dollar, employment is growing spectacularly — more jobs have been created there in the last four years than in the whole of Europe in the last decade. It is in this country that industry seems to have suffered permanent damage, and here that unemployment is still climbing distressingly in spite of rising growth and industrial confidence.

Only the balance of payments —a yawning deficit in the U.S., an unexpected surplus here— suggests that virtue works in our favour.

How is this unhappy contrast possible? One answer is given in the latest OECD survey of the British economy, an unusually outspoken document from this source. Its central point is that Mrs Thatcher's well-known resolute policies have had only a marginal influence on our recent history.

The big event has been taking place in the North Sea. It was oil production which drove sterling up and so reduced inflation and put British industry in a painful squeeze. It is oil revenue which has made British fiscal policy look virtuous and sustained British incomes while employment fell. The experience has been violently disruptive, and we are only now beginning to adapt to it. Even in the last twelve months it is the rise in oil production—which was not forecast—which has been mainly responsible for better than expected growth and balance of payments figures.

If this were the whole story, one might expect that the UK will face very much the same trouble and pain when oil production begins to fall as America will when the rest of the world finds some better use for its savings than financing the U.S. deficit. There will be a painful squeeze while taxes are raised and spending is cut to close the U.S. deficit, and to replace falling oil revenues here. This idea is already appearing in Opposition speeches.

Difference

Luckily, it will not be as bad as that. One very big difference will be on the capital account. Our accumulated current account surplus means an equivalent sum piled up in foreign assets, whose earnings will help replace lost oil.

The U.S., on the other hand, is rapidly mortgaging the huge foreign investments it has accumulated ever since the Second World War. If the official current account figures were to be believed, America would be a net debtor well before the end of 1985. Since balance of payments figures are much more unreliable than some of the other numbers we have discussed recently, this is unlikely to be true; but there is no doubt about the direction of change. We are piling up international assets, the Americans are running them down.

The real hope, however, lies in a sphere where the Americans have done much better than we have: they have a labour market which works, and responds rapidly to changing circumstances. When competitive pressures are fierce, American workers seem willing to suffer pay cuts. When demand picks up, American employers are happy to hire more workers. Negotiations are realistic, and jobs are not over-protected.

There is now a decent possibility, put it no higher, that the oil experience is making us a little more like the Americans. Wage negotiations are still not producing much slowdown in pay, but they have produced a remarkable rise in productivity; and only yesterday Mr Len Murray made a speech to the TUC which acknowledged bluntly that the demand for labour must depend partly on its price.

If that message gets home, we have enormous growth potential—a large part of the four million people either drawing the dole or taking part in make-work schemes could produce again; and that would more than make good the loss of oil revenue. If we achieve this relatively protected re-education, oil will have proved an almost miraculous blessing.

Rolls faces up to reality

By Richard Lambert and John Makinson

TWO DEVELOPMENTS this week will transform the long-term future of Rolls-Royce, Britain's struggling number three player in the world market for aero engine jets.

With its U.S. rivals, Pratt and Whitney and General Electric, spending huge sums on engine development, Rolls' position has been looking increasingly precarious. Now the way ahead is clearer.

On Thursday, the Government's economic strategy committee—chaired by the Prime Minister—approved a request for launch aid to back Rolls' participation in a new V2500 engine. This project, intended to power a new generation of 150-seat aircraft, is being undertaken jointly with Pratt and Whitney of the U.S. along with partners from Japan, West Germany and Italy.

Yesterday's announcement has even more fundamental implications for the UK company. By swapping a share in one of its new engines for a stake in one of General Electric's, Rolls has finally moved away from the course which it has followed in the civil engine market for the past 20 years—a course which has taken this proud engineering company into bankruptcy, and which more recently has left it with an increasingly weak position in the market for high thrust commercial engines.

Having been brought into public ownership in 1971 by the cost of developing the RB-211 engine for the Lockheed TriStar, Rolls was still determined to go it alone in a business where both the costs and the risks were multiplying at a frightening rate. In the mid-1970s it came very close to collaborating with Pratt—but then walked away to develop the Dash 535 version of the RB211, which became the launch engine for the Boeing 757 twin-engined airliner.

That decision has brought the company into fiercer competition with Pratt, which is now offering its own PW2037 for the Boeing 757, and has done nothing to improve its position versus the two American giants. According to an analysis last year by Wall Street brokers Donaldson, Lufkin and Jenrette, Rolls' share of the overall commercial engine market could fall from 11 per cent between 1972 and 1982 to just 5 per cent in the period up to 1988. By contrast, General Electric's portion was projected to rise to 36 per cent; while Pratt remained comfortably ahead of the league with 59 per cent.

Small wonder that the brokers concluded: "Rolls-Royce and the British Government will look at the size of the required investment, consider how heavily the odds are stacked against that investment, and bow out of the high-thrust market."

Yesterday's announcement, described by Rolls' chairman Sir William Duncan as "a watershed in the big engine market," means the UK company will still be able to battle in the big league, albeit in a more modest form. Under the scheme, which has yet to be finalised, General Electric is to participate on a revenue and risk sharing basis in Rolls' current major engine development, the 535E4, which will power new models of the Boeing 757 aircraft and is positioned in the 40,000 lb thrust class.

For its part, Rolls will take a similar percentage share in GE's new big engine, the CF6-80C, which has a potential of more than 60,000 lb of thrust, and has been sold in the Airbus A300 and is on offer for future versions of the Boeing 747 and other jumbo sized aircraft. This engine already has European partners, in the shape of SNECMA of France, MTU of Germany, Volvo of Sweden and Fiat of Italy. But it seems that Rolls will have a much more important position in the project.

The respective share of Rolls and GE in the two engines will start at about 15 per cent and build up to a quarter, depending on the availability of work on each programme.

The obvious question is why Rolls is accepting a partner into the 535E4 engine at such a late stage. The engine is, after all, due to enter airline service later this year. GE's bigger engine is also in an advanced stage of development, due to enter service a year later in 1985.

The answer is that Rolls could not on its own have afforded to stay in the market for engines of 60,000 lb thrust and more without substantial financial support from its owner, the UK Government. Mr Ralph Robins, the executive director in charge of the civil engine programme, said yesterday that to develop the RB-211 series up to this size range would have effectively required the designers to start with a clean sheet of paper. On this basis, the project could have cost $1½bn or more.

In Sir William's words, "The increasing cost of engine development and the associated marketing risk are pointing the whole industry towards increased collaboration."

This pattern is not confined to the engine manufacturers. The airframe makers, too, are going through a similar period of upheaval. In the U.S., Lockheed has pulled out of the civil aircraft market and McDonnell Douglas has sharply curtailed its investment, while the European manufacturers have rationalised themselves together into the Airbus consortium. The only constant factor has been Boeing's continued dominance of the marketplace.

The effect of the recession on Rolls has been devastating

Rolls has suffered even more than its competitors from the ravages of inflation and the steep fall in capital investment by the world's airline industry. In a recent interview in the company's London office, Sir William gave no detail about the financial outcome for last year, 1983. But, he said: "It is obvious that we are still emerging from the worst recession in airline history, and that 1983 was another very difficult year throughout the aerospace business, including Rolls-Royce."

One hundred and twenty miles to the north, at the group's civil aero-engine complex in Derby, no-one is about to question that judgment. The evidence of a collapse in orders is overwhelming. In the enormous assembly hangar, a small team is working on a test engine. Two gleaming RB-211 engines are being prepared for a middle eastern customer. Otherwise, there is virtually no sign of activity.

The despatch hall, where engines are loaded into bays for shipment, looks empty. In the grinding room, a Rolls-Royce manager explains the function of a robot in the production line. If it were not for our visit, he concedes, the robot would be switched off.

The effect of the recession on Rolls-Royce has been devastating. In 1981, the state-owned company struggled almost back to break-even after two years of heavy losses. Yet in the following year, the company crashed to a net loss of £134m, leaving the group with a deficit on reserves and a balance sheet which would have been unsustainable outside the public sector.

Sales of large commercial engines fell from 150 in 1982 to only 60 last year, when new orders amounted to just 30 engines. At the beginning of the 1980s, Rolls had geared itself up to produce 300 of these engines a year. Spare-part sales which, apart from offering high margins make a substantial contribution to cash flow, have also continued to fall away. The 1983 loss, therefore, looks set to exceed even 1982s by a wide margin.

By contrast, both its two U.S. competitors have made money on engines in the past two years. They, however, can count on their military divisions for support to a far greater degree than Rolls. Like GE and Pratt, the UK company receives government funding for its defence contracts and is sheltered from the competitive pressures of the market place by a pricing structure based on fixed costs. Rolls' military sales, both for the Ministry of Defence and for export, have held up well and now comfortably exceed turnover in the civil division.

The difference is that, because of the level of U.S. defence spending, GE and Pratt can rely on a far larger captive market than Rolls. Pratt's sales of jet engines to the U.S. Government alone are at $2.7bn annually, roughly equivalent to the British company's entire turnover.

As Rolls enjoys a lower market share than its competitors in all but one area of the large commercial engine market, the exception being the Boeing 757, the company must shoulder a disproportionate development burden in order to stay in the top league on the civil side. In 1983, the British company's internally-funded research and development more than doubled to £131m, swallowing up an £87m operating profit in the process.

It has had to overcome "Buy America" sentiment

On top of the research and development spending, Rolls has invested heavily in improvements to manufacturing productivity. Between 1980 and 1983, the group's UK workforce fell by over 30 per cent, with a drop of 12 or 13 per cent occurring last year alone. The restructuring threw up extraordinary costs of £55m during 1981 and 1982, while capital spending has run significantly ahead of the company's depreciation charge.

Sir William Duncan believes that the company has made enormous strides in productivity as a result. "We believe," he says, "looking across the range of components which we make for civil and military engines that we are at least on a par with our two major U.S. competitors in terms of manufacturing cost."

Management at Derby quote statistic after statistic to demonstrate the group's progress. Five years ago, Rolls was cutting titanium metal components at the rate of three cubic inches per minute, not much above one-third of the average U.S. rate. Now it has lifted that rate to 20 or even 30 cubic inches, while the Americans are grinding at 13 or 14 per minute.

Yet, as Sir William is the first to admit, "the ultimate test of productivity can only be when the market comes back." Moreover, the company has done its sums on an exchange rate of between $1.50 and $1.60 to the pound. A collapse in the dollar would send everyone back to the drawing board.

Meanwhile, the heavy losses during the past two years have forced the company and the Government to reassess their priorities. Since 1971, the taxpayer has provided Rolls with £508m in equity and £499m in launch aid. In the present climate, there was no possibility that the Government would consider putting up something like the same again to keep the company in a highly expensive race for the biggest engines.

One option, as Sir William admitted yesterday, would have been to abandon this market segment altogether. "We certainly could not see a reasonable way of moving up to 60,000 lb of thrust ourselves," he said. Pratt and Whitney was already committed, having announced plans over a year ago for a radically new PW-4000 engine to replace the JT-9D engine which has been in production since the early 1970s.

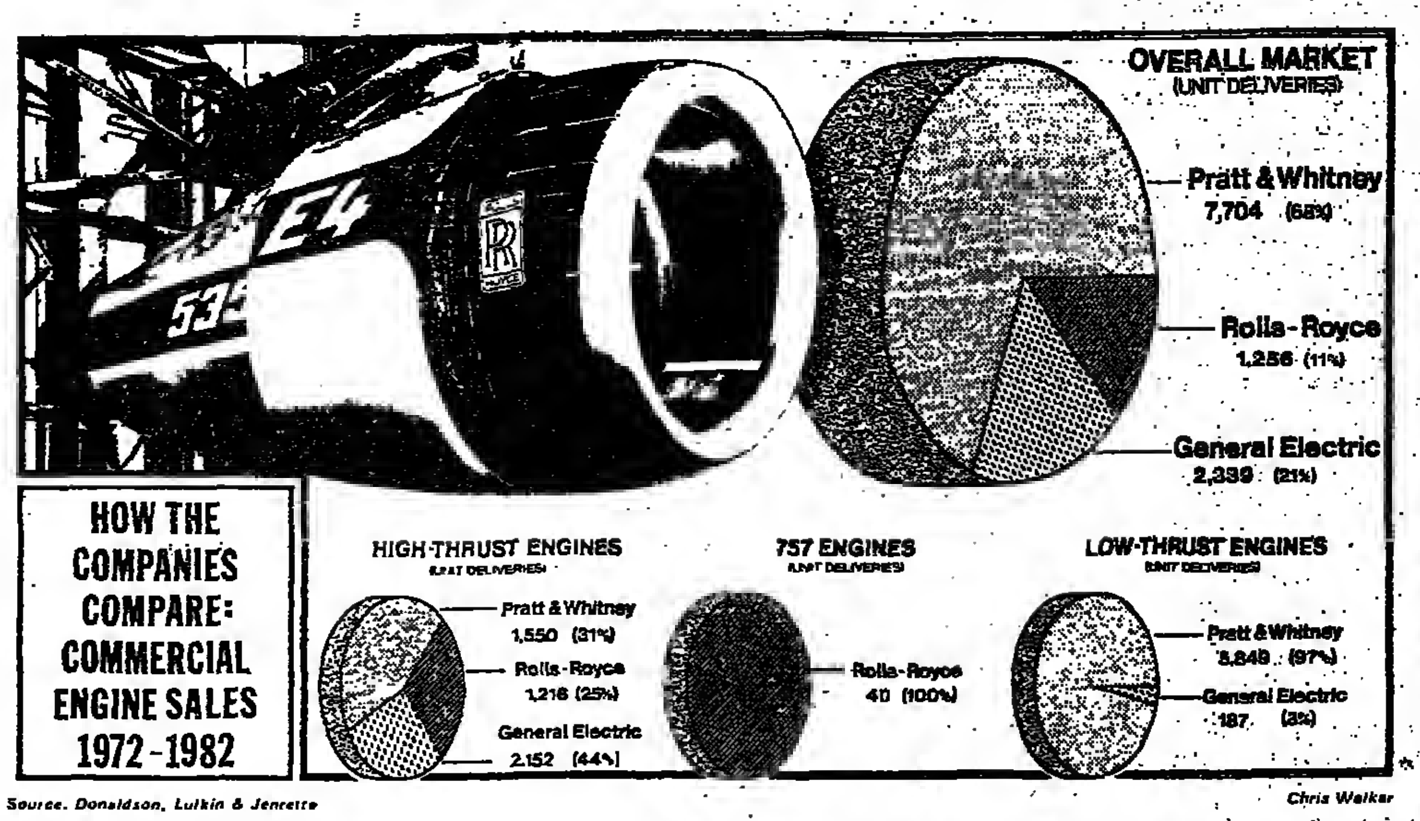
General Electric, unlike Pratt, has no strong competitor in the 40,000 lb thrust range, and so both sides were able to recognise the scope for hedging their investment bets.

Since the two engines are at such an advanced stage of development, the main emphasis of the co-operative programme in the early stages will be in the areas of marketing and product support. This should be of tangible benefit to Rolls. In the U.S., much the most important market in the world, it has had to overcome both the "Buy America" sentiment of the U.S. airlines and its image as a faltering competitor.

GE's support could make an important difference here. And further down the road, Sir William believes "we will incorporate technical advances in each other's engines, and later we will be able to develop new derivative engines on a joint basis as the market demands."

According to Mr Robins, both projects could have an overall market size of roughly 2,000 engines, although the bigger GE engines will be worth more in dollar terms. And he claims that by maintaining control of the 535E4 programme, Rolls will retain the skills necessary to compete at the most powerful end of the market.

As Sir William emphasised yesterday, "Rolls-Royce will preserve its capability to design, develop, assemble and test aero engines from the smallest in helicopters to the very largest in jumbo jets." But if this deal is consumated, the company's future development should be a lot less ambitious—and a lot less risky.



Source: Donaldson, Lufkin & Jenrette

Chris Walker

The high-thrust market takes in Pratt's JT9D and planned PW4000: GE's CF6 range: and the RB211 family which goes up to about 56,000 lb. The Boeing 757 engine market comprises Pratt's PW2037, and the Dash 535 version of Rolls' RB211. The low thrust group includes Pratt's JT8D powerplant, GE's CFM56 series and the planned V2500 consortium

Letters to the Editor

Hellenism

From Miss M. Spalding

Sir,—A footnote in William St Clair's curious view of the continuity of Hellenism in Greek history—decisively refuted by Professor John Gould (January 28)—and his wilful myopia before the Byzantine link between ancient and modern Greece.

He states that, as part of its resistance to classical ideals, the Greek Orthodox Church forbade the use of ancient Greek names.

In fact, what was forbidden was the use of *names not belonging to Greek Orthodox Saints*, a very different matter indeed, as Mr St Clair would find from even a cursory glance at the current Greek Orthodox calendar.

This list names days for, among many others, St Xenaphon (in January), St Achilles of Larissa (in May), and St Narcissus (in October), not to mention two separate saints named Apollo, and the Holy Martyrs Leonidas and Alcibiades (in June and August respectively).

St Baccus is celebrated, appropriately enough, in the autumn, while two more Holy Martyrs bear the names of Plato and Socrates. I am sure not even Mr St Clair would take these last as evidence of an anti-Aristotelian bias in the Greek Orthodox Church!

M. E. Spalding,
47, Fairmead Road,
London N19.

Capital

From Mr P. Wright.

Sir,—It would seem that Mr Thomas Torrance (January 17) believes that the UK can acquire overseas assets without any real diversion of resources from the domestic economy. If this is so, and we can have our cake and eat it, why is it that Governments, and particularly our present Government, become alarmed about the PSBR, or about the level of imports of goods and services for that matter?

In suggesting that had such large amounts of capital not left the country between 1979 and 1982 unemployment would have been higher still because of a higher exchange rate, Mr Torrance really takes a rather tortuous train of reasoning to its irrational extreme. There is no necessary link between the imposition of exchange controls and an appreciation of the exchange rate. More capital would have been available for the creation of jobs in the UK. In any event, why should the fortunes of our manufacturing industries be left at the mercy of exchange rate fluctuations which a consensus of opinion suggests are being caused by speculative capital flows, and not by a real assessment of trading prospects?

Philip Wright,
University of Sheffield,
85, Wilkinson Street,
Sheffield.

Architecture

From Mr Stuart Lipton

Sir, — Michael Manser's timely letter on conservation (January 31) identifies some of the problems of post-war architecture.

The nub of the problem is town planning. Why were centuries of simple construction with no planning controls successful against our present system controlled at every turn with up to three layers of bureaucracy?

Most projects start with good intentions of architecture as it actually makes money. The best buildings always sell or let first. We have reached the point where after months of battles most architects give in to the system. Political planning committees have created and controlled our environment almost down to door knob approval and have dispirited our architects. Inner city industry has often been compulsorily removed and offices are thought sinful, even though 60 per cent of London's population depend on them.

We have a profusion of highly-skilled and respected architects in this country unknown and unused by the public at large. My experience is that most projects end up with poor architecture and cost a third more to build than need be. Good quality architecture should cost nothing extra — it is just care that counts.

There are those aparachiks who manipulate the system and the system itself encourages them. Our talented professionals are growing in number and need encouragement. They are often undesiring of controversy and find the planning scene confusing in its lack of concern for quality.

The architecture of our past was uncontrolled. Why not really remove controls on design as current government circulars dictate and allow our architects' skills to be tested? The results could hardly be worse than the last 30 years.

Stuart Lipton,
4 Stanhope Gate,
Hyde Park, W1.

Unit trusts

From Mr J. S. Fairbairn.

Sir,—Those of your readers who read Clive Wolman's article on unit trusts (January 28) may well have found themselves somewhat bemused by his apparent conclusion that unit trust investors would have done better by buying all the components of the FT Actuaries All-Share Index or selecting shares at random with a pin. He seems to suggest that the reason why people invest money in equities via unit trusts is simply in order to "beat the stock market."

The point about unit trusts is that they provide for most of us the easiest and most convenient way of investing in equities. By pooling their resources and employing professional managers, investors' paperwork is cut to a minimum and decisions on the acquisition and disposal of individual holdings are delegated to a full-time professional. Meanwhile each unitholder is able to spread the inevitable investment risk far more widely than he or she could do by acting alone. Lastly, as your readers will be aware, investments within a unit trust's portfolio can be changed without the erosion of capital gains tax.

As for investment performance, I imagine that your readers will know that some fund managers are better than others, all fund managers have patches of good and bad form, different periods throw up different problems and each fund has its own stated investment objectives. There is nothing here that is peculiar to unit trusts.

Dr Desmond Corner does a very useful job at the Esmee Fairbairn Centre at Exeter and fund management is certainly important enough to warrant rigorous research within an academic environment. But whatever conclusions emerge from the researches of Dr Corner and other students of the investment art, professional fund managers of my acquaintance will continue trying to make money for their numerous clients by applying their intelligence and balancing the risks and rewards of stock market investments in different sectors of industry and different parts of the world.

J. S. Fairbairn,
M and G,
Three Quays,
Tower Hill, EC3.

Surplus

From Mr T. Shucksmith.

Sir,—Mr Quarrell (January 16) argues that "surplus" in a pension fund can only be refunded if it crystalises on the winding up of a scheme. His argument is based on the assumption that the employer is the settlor and the members the sole beneficiary. Settlors may also be beneficiaries of trusts under the operation of the trust provisions and not merely resultant beneficiaries. It is possible for pension trusts to authorise the repayment of "actuarial surplus" other than on a winding up. This is not to say that I would personally like to see the general development of pension trusts with these characteristics.

T. S. Shucksmith,
Gatton Chalet,
Quarry Hill Park,
Reigate, Surrey.

Collars

From Mr J. Parry

Sir,—Men and Matters reports (January 26) that Mr Nakasone and Sir Hugh Cortazzi, in saying farewell on the latter's retiring from the British Ambassadorship in Tokyo, "unbuttoned their collars, swapped ties and parted."

I have just spent 20 minutes taking my tie off and putting it on again, and have not found it necessary to unbutton my collar once. Is this another of those occasions where the Japanese appear to know something we don't know?

John Parry,
1 chemin de la Botte,
Geneva.

Solicitors

From Mr L. Liltman.

Sir,—I think there is a good case to be made out for abolishing the solicitors monopoly to conveyancing, and the following event in which I was involved will help make my point.

Two properties were charged to two banks and their deeds, which consisted of one registered and one leasehold title lay in their vaults. It was decided to take up a new mortgage on the existing properties. The new bank which was advancing £4m wished to have the titles examined and the deeds transferred to its vaults. It had two particular firms of solicitors it normally went to. Apart from waiting for searches to come in, it was admitted that the work of examining the titles to the two properties would not take more than one day, and it was admitted that as the titles to the two properties had been examined by the mortgagee's solicitor's only two years before, no great change was likely to have happened.

The cheaper of the two solicitors who were asked to do the job at first quoted £22,500 but were eventually persuaded to do it for £17,500. They admitted that only £1,000 of this fee could be attributable to work done. The rest was for the "responsibility for such an important mortgage."

I find that one of the bigger abuses of solicitors occurs when they are appointed by one party, namely a bank, but their fees are paid by another, namely the bank's client. This is an occasion for most of them to make hay while the sun shines. I discovered that neither the Taxing-Master nor the Law Society is of much help. A loss of their monopoly however might help the client very much indeed.

L. T. S. Liltman,
56, Queen Anne Street, W.1.

Churchill

From Mr Anthony Bird

Sir,—The chairman of the Coningsby Club (January 28) is obviously not aware of the political career of a Mr (later Sir) Winston Churchill.

This gentleman changed his political party twice; and yet went on to become Leader of the Conservative Party. These matters are well documented in several history books.

Anthony Bird
193, Richmond Road,
Kingston Upon Thames,
Surrey.

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Why the giants are in a spin

CORPORATE KNIVES are being sharpened the world over as the music industry stands on the brink of some of the most far-reaching changes in its history.

Not only are the music giants struggling in a static market to poach one another's territory and to achieve economies of scale through a spate of mergers and takeovers. But they have also to come to terms with the rise of the compact disc and a new range of recording techniques which together are changing the whole nature of their business.

The latest and biggest sign of this is the proposed amalgamation of WEA, the records division of Warner Communications of the U.S. with PolyGram, itself the result of an alliance between Philips of the Netherlands and Siemens of West Germany.

If the U.S. and West German anti-trust authorities clear the deal—which ran into trouble in a Dutch court on Wednesday—it will unite the second and third largest record producers in the world. The result will be a global leader with an estimated turnover of more than $3bn (£2bn), ousting CBS Records of the U.S. from its position at the top of the world producers' charts.

"The deal is about the survival of the record industry as we know it," says David Fine, deputy managing director of PolyGram UK. "We have to rationalise the production part of the business."

The proposed merger is already unsettling other major record companies in the £6bn world record and tape market.

Records moulded in the shape of hearts

Mr Walter Yetnikoff, president of CBS Records, announced threateningly at the end of last year that it "promises to change the worldwide competitive landscape of the record business in significant ways. As a consequence, CBS Records will be actively seeking out important merger candidates in the record business."

Mr Yetnikoff's choice of a partner of comparable size is limited only to EMI Records of the UK and RCA of the U.S. They would be hard pressed to make any inroads into the Poly-Warner combine's position in Europe on their own, although the merger's effect on the U.S. market would be negligible because PolyGram has only a minor presence there.

As if this were not enough there is the compact disc revolution. Developed by Sony in conjunction with Philips and backed by 30 hi-fi companies, the CD has been hailed by the industry as the greatest innovation since stereo recording.

Since the system was launched in the West early last year, 300,000 players and up to 8m discs have been sold worldwide. Initially, classical music enthusiasts, who take a mere 5 per cent of the world market for vinyl records, seemed to represent the fastest growing source of demand.

But the system's popularity spread as the price of players started to decline and sales are expected to climb to 1.4m players and 40m discs this year. However, that is still tiny against estimated world sales of more than 1.3bn LPs, 500m cassettes and 550m singles.

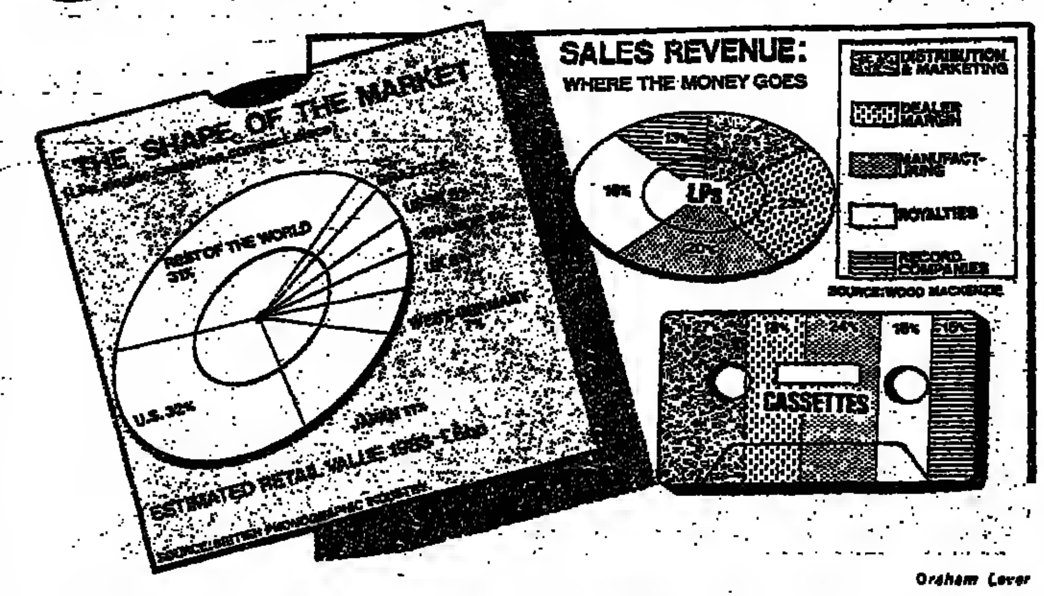
The silvery, onesided compact discs are immensely tough and produce 60 minutes of digitally-recorded sound—similar in quality to a studio master tape. The music signal is carried by billions of microscopic pits in the thermoplastic surface. These are so small that if a 5 in disc were blown up to cover the floor area of the Colosseum in Rome, each hole would still be only the size of a match-head.

The industry's present malaise has its origins in the 1973 oil price crisis, which dealt a body blow to consumer spending across the developed world and sent demand in the U.S.—where one out of three of all records is sold—into a tailspin.

"When consumer spending did pick up again towards the end of the 1970s, the record producers found themselves up against three major sources of competition: illegal home-taping, computer games and domestic video."

In the U.S., the volume of music taped at home grew by an average of 24 per cent annually since 1980, according to the Record Industry Association of America (RIAA), while the number of records sold slipped by 16 per cent until last year.

The Japanese market, the second biggest in the world with 11 per cent of total retail sales, is also struggling. The growing popularity of record rental shops has made home taping so attractive to consumers that it threatens to cut output in the Japanese industry by half.



Graham Lever

West Germany, which represents 7 per cent of the world record market, has attempted to curb home recording by introducing a levy on blank tapes, as have Austria, Sweden and Hungary. In the UK, the British Phonographic Industry (BPI), has for years been pressing the Government to follow suit.

"The British record and tape market is worth around £440m. That market could be worth some £700m were it not for pirate recording on cheap tapes," says Peter Scaping, BPI's general manager.

Home videos and computer games meanwhile have hit straight at the under-25 age range which forms the bulk of music. But this has been easier to handle, at least for those companies with the resources to diversify.

In the past two years or so, an increasing number of record companies have also started to churn out videos of their best arts. Indeed, British expertise in the art of pop video is one reason why UK groups have been achieving more than usual success in the U.S. charts recently.

The opening 18 months ago of MTV cable television continuous pop music channel in the U.S.—the first of its kind—has provided British groups with a ready-made outlet to an estimated 15m homes for the tapes they originally developed for UK television and the thriving home video market.

It is at least partly thanks to the publicity generated by MTV that 35 per cent of the records sold in the U.S. top 30 last year were made by British artists, which compares with less than 20 per cent before the arrival of MTV.

They include Deff Leppard, which with the help of an exotic video has sold 4m albums in the U.S. since last summer, but performed only moderately in the UK. Duran Duran's album Seven and the Ragged Tiger has sold 1m copies in the U.S. in the past eight weeks after breaking on MTV, while Culture Club has sold 1m copies of its Colour by Numbers in the U.S. since October.

Of course, MTV has also assisted U.S. musicians even though they arrived late on the pop video scene. Michael Jackson has sold 14m copies of his album Thriller in the U.S. and 22m worldwide since its release just over a year ago, making it the biggest-selling album ever by a single artist.

The album has spawned three videos, including a "making the Thriller video" video. And the success of Thriller is one reason why U.S. analysts are predicting that CBS Records' profits could rise from $22m to $100m in the year to December 1983, putting a spectacular end to a four-year decline in earnings.

In other ways, however, the record industry is still showing the classic symptoms of a market under pressure. Despite home taping, prices have declined sharply in real terms as producers have vied for a greater share of a static market. A £5 LP would cost £8.50 today if it were to keep up with general inflation since 1970, when its actual price was £1.99.

Meanwhile, marketing tactics have become increasingly aggressive, even by the standards of an industry hardened by years of struggling to attract teenagers' cash. Picture singles containing colour prints of the artist pressed into clear vinyl have been commonplace for some time. More recent developments include records moulded into the shapes of hearts, guitars and even, in one case, a map of Africa.

Promotional offers have become increasingly lavish and reached a peak when one company offered a free five-minute video worth considerably more than the single it accompanied.

All this underlines the importance of sheer financial muscle to any record company's survival. It is no accident that the industry's leaders have rich parent companies with interests in other areas, such as Philips and Siemens in the case of PolyGram, Warner Communications for WEA and Thorn EMI in the case of EMI Records.

This does not necessarily mean that the smaller record companies will get squeezed out of business as the competition increases. They do not generally lumber themselves with high fixed overhead manufacturing and distribution facilities, preferring instead to contract out those functions. So they are less vulnerable to volume declines than the majors.

Moreover, the majors have every reason to foster their smaller competitors because they need to fill spare capacity—and that means selling pressing services to the independents.

So while the big companies have been struggling, the independents have flourished. Since they emerged in force with the advent of new wave music six years ago, the independents have grown to account for 40 per cent of UK record sales.

They have also come to provide a valuable source of talent. Virgin, the largest of the British independents with a turnover of £100m, made its first big success with Mike Oldfield and recently discovered Culture Club, whose transsexual lead singer has delighted the U.S. Chrysalis, Virgin's closest rival, discovered Ultravox—a pioneer of pop video—and Spandau Ballet, whose album True has sold more than 500,000 copies in the U.S. since last summer.

The indications are that the bloodiest battles ahead in the record industry will be between the giants, with the independents sitting in relative peace on the sidelines. And nowhere will the conflict be more fierce than in the compact disc market.

Already, the price of players has been declining steeply and some dealers are offering a free Sony Walkman or compact discs with their machines. Prices started at an average £500 early last year. They are now hovering at around £400 and are expected to reach £200 by 1987, when they should stabilise.

The discs themselves have not yet started to follow the trend, partly because the record companies want to see their investment in new plant recouped before they contemplate discounting.

Added to this, the discs are far more costly to produce than conventional records. They have to be moulded in a dust-free vacuum in a process which Dieter Solno, head of the PolyGram compact disc factory, suggests is as far removed from the manufacture of vinyl LPs as the role of an eye surgeon is from that of a blacksmith. Consequently, they take twice as long to make as traditional records.

The importance of sheer financial muscle

Nevertheless, it can only be a matter of time before the compact disc market becomes as cut-throat as its predecessor. As BPI's Mr Scaping puts it: "Once that medium is established, it will be as fierce as the current media—if not more."

Even wrestlers were floored...

By Jurek Martin in Tokyo

TWO STRONG streaks in the Japanese national character are fatalism and adaptability. Rarely have both been more graphically illustrated than in the last fortnight as Tokyo, capital of this land of the technological miracle, came to grips with a distinctly primary commodity—snow.

The Japanese are actually very fond of snow. Mount Fuji, the national symbol, is gloriously capped by it for much of the year; hundreds of thousands of people stream to the mountains each winter weekend to ski; Hokkaido, in the north, has an annual festival devoted to snow featuring last year a magnificent mammoth ice sculpture of Buckingham Palace. Boys and girls are even named after snow.

But, until last month, the white stuff had not come down in any real quantity on Tokyo since 1969. When two weeks ago, about a foot of it did fall, it brought the capital to a virtual standstill.

Indeed, the bafflement of a country which can put a television into a wristwatch was such as to make one question the depth of the scientific knowledge Japan is supposed to have absorbed. For all the high sodium content of the national diet and in spite of the wondrous advances of the fine ceramics industry, it was apparent that nobody had ever thought of putting salt and sand to the mundane use of keeping roads and pavements passable.

The disruption was so great that any Western mayor or city manager would have been sacked, pilloried or hung in effigy for their lack of response. Though it snowed for only 12 hours, with temperatures above freezing the following day, the city's nine expressways (in fact euphemisms for elevated traffic jams) were closed for more than 48 hours. Meanwhile, the price of white radish tripled overnight; 15 sumo wrestlers missed their bouts while a kabuki actor missed a whole play; and nearly 1,000 people were carted off to hospital with limbs broken by their failure to negotiate pavements suitable only for speedskating.

Yet all this was accepted with total equanimity, as if snow, like any other act of God, was as inevitable as death and taxes and to be endured uncomplainingly. This is perhaps not the most accurate comparison since, in the first place, the Japanese recognise themselves to be notorious tax-dodgers and, secondly, have an understandable complex about earthquakes, but it will suffice.

But this week Tokyo showed the other, adaptable side to its character. Admittedly the snow was less heavy (about seven inches) and warmer and wetter in consistency, but the city government did not seem any better prepared, at least to judge by the number of snow-ploughs personally observed in action, which was one, exactly the same as two weeks before.

But private, mostly neighbourhood, enterprise more than took up the slack. Housewives and office workers were out spraying salt and sand as in a simpler age; trucks cruised the streets spreading what was mysteriously described as "snow melting powder." Helpful notices appeared on walls and over the radio advising citizens not to walk on ice with their hands in their pockets and to wear sensible snowshoes. The sales of ordinary rubber varieties of which instantly boomed, even in Tokyo, which, next only to Paris, takes fashion very seriously and self-consciously.

There was even a sense of fun in the air; one local amateur artist, observing a pristine snowy baseball field, rushed out and built several gorgeous snowmen, except that they were not snowmen but naked snow-women, with some detail paid to anatomical features.

Unfortunately, a city bureaucrat caught sight of what was going on from his office window and immediately dispatched a small army of workers, who, it was properly noted, might have been employed in more appropriate civic duties given the weather than to demolish that which might corrupt.

But the overall result was that Tokyo emerged from its second encounter with snow in far better shape than from its first. The broken limb count was in the 170s, a healthy improvement, while the white radish commodity index remained stable.

Toshiba announced a 256k bit static ram and Hitachi something equally recherche. Life basically was back to normal.

Weekend Brief

Behind those closed doors at the Jockey Club

Dick Francis, former champion National Hunt jockey, sums it up in his novel, Enquiry. This is his hero speaking:

"Today I lost my licence... being warned off Newmarket Heath is like being chucked off the medical register, only more so.

"Barred from riding, barred from racecourses. Barred, moreover from racing stables. Which poses me quite a problem, because I live in one."

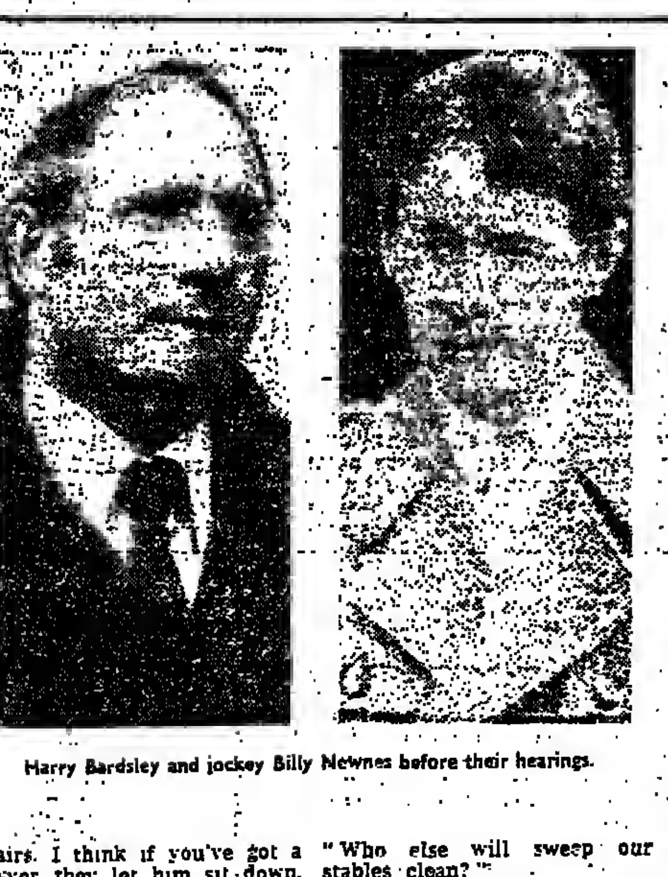
It is not quite so bad as that for jockey Billy Newnes, banned for three years by the Jockey Club this week for taking a bribe. He is keeping his job at the stable. But the process of injuring a jockey's career is still conducted in a leisured, gentlemanly and quite undemocratic way.

An ex-jockey and ex-Serviceman who had suffered told me this week: "It's rather like being on a charge in a rather flash cavalry regiment. Except that the stakes are bigger."

Offenders talk about the Long Room at the Jockey Club HQ in London's Portman Square. "A more fearsome place than the Long Room at Lord's," my informant said. "There we are in this room, we're standing up, and they're sitting in high chairs. I think if you've got a lawyer they let him sit down, but I'm not sure."

But let us turn to the official view. Someone close to the Jockey Club told me: "A disciplinary hearing is not, contrary to popular belief, a trial ... No person is literally accused nor found guilty of an offence." Even the words "warned off" have now been erased from the rules and the less emotive word "disqualified" substituted.

It is easy to knock the Jockey Club for its elitist way of putting its house in order. But as Sir John Astor, Jockey Club chairman, the "judge" at the hearing on the conduct of Newnes and gambler Harry Bardsley, suggests: "Who else will sweep our stables clean?"



Harry Bardsley and jockey Billy Newnes before their hearings.

Sir John insists that racing in the UK is basically honest, and nobody could disagree with that. No country which allows "open betting" and open access to race meetings without many strings has fewer problems.

"The trouble comes when things go wrong, as in the Newnes-Bardsley affair. Is the Jockey Club, with its splendid pedigree but lack of contact with the real nitty-gritty of racing, the best institution to deal with it?

Willie Carson and Lester Piggott, who had problems last season for trying to run races, might say: "No."

Accusing voice from Argentina's past persecutions

THE "grill room of the Plaza Hotel in Buenos Aires enjoys its reputation as one of the capital's more traditional establishments." Its habitué are a fairly closed circle of journalists, politicians, and business executives for whom the dark wooden panelling, comfortable leather furniture, and attentive service guarantee an air of exclusiveness mixed with familiarity only a private club can usually offer.

A few days ago the restaurant broke with protocol as maitres, waiters, and sommeliers momentarily discarded their personal chores to greet a long-lost member with the emotional effervescence of a welcome home party.

The man treated to virtual VIP treatment was Jacobo Timerman, the Argentine author and newspaper editor who recently returned to Buenos Aires after a four-year exile. Timerman's previous meal in the grill room was immortalised in his bestselling autobiography *Prisoner Without a Name, Cell without a Number*—a disturbing reconstruction of the circumstances of his arrest in April, 1977, and subsequent experiences in prison which enlightened European and American public opinion about the scope and scale of the repression carried out by the Argentine armed forces following the 1976 coup.

In 1976, Timerman — then the editor of the prestigious daily *La Opinion* — used to frequent the Plaza for confidential conversations with high level contacts. It was at one such meal that he was informed by a naval officer about the military's plans for the arrest, torture, and liquidation of over 20,000 Argentines. A few days ago, Timerman appeared to be in no hurry for a fresh scoop. Agreeing to be interviewed rather to interview, he recounted his current efforts to put his former persecutors behind bars for life, with the help of the country's newly elected civilian authorities.

"Like many Argentines I used to think that backing the military was the only way to change things. Now I know I'm wrong. What Sr Raul Alfonsin is doing in this country has no precedent anywhere in South America. Even in Germany. The bulk of the population had to wait until the screening of *Holocaust* to realise what really happened," he commented.

Timerman was referring to the extraordinary speed with which the Argentine President has ordered the judgment of all those officers guilty of human rights violations, and the cathartic effect which the exposé of past crimes has had on the population at large.

For the past month, Timerman has acted as a major catalyst for his Government's initiative, having himself produced substantial evidence implicating former Buenos Aires police chief General Ramon Camps and other senior officers in violations of human rights.

Two weeks ago, Timarman took a BBC crew and went searching for a clandestine prison where he was held in a "cell without a number." He found it in a smart suburb of Buenos Aires thanks to what he described as "my own memory, a couple of anonymous tip-offs, and some serious double checking with the neighbours."

Timerman discovered the former prison redecorated and converted into an innocent looking private house. However, he was sufficiently convinced by its basic structure to denounce publicly it as the place where he was tortured and where many others were killed. "If you break through that newly laid floor you'll find the cell where I was held . . . that bedroom over there is where they used to torture us . . . ," he declared when he took a group of the journalists on a guided tour.

Why hadn't the neighbours spoken out about it before. Had they done so before Alfonsin won his handsome election victory in December they would have themselves been killed, according to Timerman.

"Look at these waiters, they've embraced me partly because they genuinely respect me. But more important, because they have lost their fear," he said.

MAD misadventures in the Kiessling affair

General Günter Kiessling is back in his job, and Herr Manfred Wörner, the West German Defence Minister, has managed to keep his. But the tawdry affair which has dominated Bonn politics for the first month of this year is certainly not closed—and least of all for the MAD.

MAD, it should be said straightaway for the benefit of Anglo Saxon readers who have followed the scandal and find the acronym too good to be true, stands for *Militärische Abschirmdienst*. And the hunger by agents of the defence intelligence agency over the identification of General Kiessling as a supposed patron of the "Tom-Tom" bar, a Cologne homosexual hang-out, is only the latest in a string of MAD misadventures over the past few years.

It is of course a built-in handicap for the spy trade everywhere that failures make headlines at least as large as success. That is doubly true in West Germany, with its open society, and its geopolitical position as one half of a divided country, astride the division between the two blocs.

But the MAD's recent record has been too much of a good thing. Mistakes have forced the early departure of two of its bosses since the mid-1970s—first Brigadier-General Paul-Albert Scherer in 1977, and last year Admiral Elmar Schmähling. In 1978 the Social Democrat Defence Minister Herr Georg Leber was obliged to resign, after the MAD had carried out an unauthorised bugging of his secretary on the allegation (unfounded) that she was a security threat. And now the Kiessling affair.

What really happened may well never be fully known. The Cologne "sightings" are but one ingredient in the tale. Another is reports (never convincingly denied) that bad relations between Kiessling and General Bernard Rogers, supreme Nato commander and his direct superior in Brussels played a part. Some discern a political imbroglio and factional undertow within the MAD—even that the real target of the affair was not Kiessling, but the Defence Minister himself.

Fingers have also been inevitably pointed at Moscow and the KGB. According to this theory, propounded by (among others) ex-Nato General Sir John Hackett in an interview with the mass circulation *Bild Zeitung*, the poor old MAD has fallen for a classic KGB disinformation campaign. If so, then there will be huge congratulations in Moscow.

The affair after all has thrown a leading Western Government into disarray, badly damaged the reputation of its hitherto highly respected Defence Minister, and unsettled both the Bundeswehr and the upper reaches of Nato itself in Brussels.

Hardly surprising, therefore, that one of Herr Wörner's defensive moves, as the Kiessling saga unfolded, was to set up an independent expert commission to find ways of bringing the MAD, with its headquarters in Cologne, under better control by the Defence Ministry in Bonn.

Heads, too, will surely roll. Few give much chance that Herr Joachim Hiehle, the State Secretary at the ministry responsible for the MAD, will survive very long. And Brigadier General Helmut Behrendt, the latest MAD chief, could well share the fate of his two predecessors.

Contributors:
Alan Forrest
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BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.25	8.25	8.25	7 days' notice. No interest penalty
			8.75	Higher Interest acc. 90 days' notice or charge
			6.00-7.50	Cheque Save
Aid to Thrift	8.50	—	—	
Alliance	7.25	8.25	8.25	Monthly Income—3 months' notice
			8.50	28 days' notice. Imm. withdwl., 28 days' penalty
			8.25	7 days' notice. No interest penalty
Anglia	7.25	8.25	8.75	3-year Bond. No notice. 3 months' penalty
			8.50	Capital Share. No notice 1 month's penalty
Birmingham and Bridgwater	7.25	8.75	8.25	1 mth.'s notice or 30 days' int. pen. £500 min.
Bradford and Bingley	7.25	8.25	8.50	1 month's notice or on demand
			8.25	7 days' notice
Britannia	7.25	8.25	8.25	7 days' notice, 8.50 3 months' notice
Cardiff	8.00	8.75	—	
	*8.50	—	—	*Share account balance £10,000 and over
Catholic	7.50	8.50	8.50	6-month deposits. Monthly income
Century (Edinburgh)	7.75	—	8.75	Variable. 8.85 Permanent 2/3 years
Chelsea	7.25	8.25	8.75	Immed. withdrawal (int. pen.) or 1 mth.'s not.
Cheltenham and Gloucester	7.25	8.25	8.25	Gold account £1,000 + no notice no penalties. Monthly interest. £5,000 minimum, 8.57 if compounded
Citizens Regency	7.50	9.00	8.40	plus account no penalty. Double option 8.50
City of London (The)	7.50	8.25	9.00	6 months' notice—no penalty
Derbyshire	7.25	8.50	9.00	8.25 1 month's not., 7.75-8.60 3 months' notice
Greenwich	7.25	8.50	8.50	(max.) at 28 days' notice/penalty
Guardian	7.50	—	8.75	3 months, £1,000 minimum
Halifax	7.25	8.25	8.25	Xtra Interest, 7 days' notice, no penalty
			8.50	Xtra Interest PLUS 28 days' notice, no penalty
			8.75	Special Inv. Cert., 3 months' notice/penalty
Heart of England	7.25	8.50	9.00	8.25 5-day Notice Account
Hemel Hempstead	7.25	8.50	8.75	3 years, 8.50 28 days
Hendon	8.25	—	8.75	3 months
Lambeth	7.50	8.75	9.10	28 days plus loss of interest. 8.25 3 months
Leamington Spa	7.35	—	8.50	Top Ten. 8.75 Lion Share
Leeds and Holbeck	7.25	9.00	9.00	2 years with monthly int. 8.75 1 month's pen.
Leeds Permanent	7.25	8.25	8.50	Ex. Int. £500 min., 28 days' notice/penalty
Leicester	7.25	8.25	8.25	3 months, 9.02 3 years
London and Grosvenor	7.75	—	8.25	High Yield (1 month)
London Permanent	7.55	—	8.75	1-year term. Imm. wdl. with loss of 1% bonus
Midshires	7.25	8.75	8.75	3-yr. term with 0.5% bonus on mat'y if reinv'td.
Mornington	8.50	8.50	—	
National Counties	†7.55	8.55	9.10	28 days' notice & loss of interest. † £1,000+
National and Provincial	7.25	8.25	8.50	1 month's notice plus monthly income
Nationwide	7.25	8.25	8.75	Capital Bonds, 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account 8.25, £500 minimum withdwl. with 28 days' loss or notice
Newcastle	7.25	8.50	8.75	4 years, 8.25 28 days' notice, or on demand with penalty, 8.50 90 days' notice, or on demand with penalty
Northern Rock	7.25	8.50	8.25	7-Day Moneyspinner. 7 days' not. wdl. no pen.
			8.75	Premium Moneyspinner on demand, 28 days' loss of interest on amount wdn.
Norwich	7.25	8.50	8.50	City Account, immed. withdls. with no penalty
Paddington	7.75	9.25	8.75	1 mth.'s not., or 1 mth.'s int. loss on sums wdn.
Peckham	8.00	—	8.25	1 month, 8.50 2 years, 9.00 3 years
Portman	7.25	8.75	8.75	Two months' notice, 8.25 no notice
Portsmouth	7.55	9.05	9.40	6 years, 9.00 6 months, 8.50 1 month
Property Owners	7.75	9.00	8.75	28 days, 8.75 3 months, 8.50 monthly income
Scarborough	7.25	8.50	8.25	Money Care and Free Life Insurance
Skipton	7.25	8.50	8.25	£1,000-£4,999 Sovereign, no penalties, no notice
			8.50	£5,000+, no penalties, no notice
Stroud	7.25	8.50	8.85	3 months, 8.25 1 month no penalty with notice
Sussex County	7.25	9.00	8.25	7 days' notice, 8.50 Sx.Sh., 7.50 Sh. a/c £2,500+
Sussex Mutual	7.50	9.00	8.75	1 month's notice/immed. with 28 days' penalty
Thrift	8.15	—	9.15	3-year term. Other accounts available
Town and Country	7.25	8.25	8.75	3 yrs. ½-yrly. int. Monthly income wdl. facility
			8.50	7 days' notice no interest penalty. ½-yearly int.
Wessex	8.30	—	—	
Woolwich	7.25	8.25	8.25	7 days' notice
			8.50	28 days' notice or on demand (interest pen.)
Yorkshire	7.25	8.25	8.50	Diamond Key, 60 days' penalty or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

English Association falls to £845,600 at midterm

English Association Group, the merchant banking and financial services concern, suffered a fall in pre-tax profits from £909,300 to £845,600 for the half year to December 31 1983.

However, after a lower tax charge of £310,000, against £396,700, earnings per 25p share were up from an adjusted 4.69p to 4.9p.

The net interim dividend is effectively increased to 1p per share, compared with 0.91p, and the directors reaffirm their forecast of a total of 3p for the year, on capital increased by the one-for-ten scrip issue. Last year's payments were equivalent to 2.727p and taxable profits were little changed at £1.95m (£1.94m).

The directors say they look to the future with confidence.

They say the group will be able to develop and extend its present range of activities by taking advantage of opportunities which the directors believe may become available in the financial service sector.

Mr S. G. Brookshank, the chairman of United Kingdom Temperance and General Provident Institution has been appointed a non-executive director of the group.

● comment

It took the English Association until last summer to realise that it would never have the resources to compete in LIFFE and that it was time to pull out of the brokerage operation before running the risk of burning its fingers. With that episode behind it, the group sailed into a period of declining interest rates at a time when it was taking on more premises and staff with a consequent 30 per cent increase in overheads. Since the association keeps up to 90 per cent of its £12m asset base in liquid form, its profits are substantially tied to swings in short term interest rates. However, the group is planning to expand its investment management side, which accounts for around half of its income, so there may be scope for evening out the effects of the interest rates switchback in the current half. The shares were unchanged at 150p, where the historic yield is 2.9 per cent on the enlarged equity.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brit. American	1.6	—	1.6	2.6	2.5
J & J Dyson ......int	2	—	2	—	4
English Assn. ......int	1	—	0.91*	—	2.73*
Mid Wynd Trust ......int	0.9	—	0.8	—	1.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Sangers offshoot to join USM

Sangers Photographic, the largest photographic wholesaler in the UK, is coming to the Unlisted Securities Market with a placing of 24 per cent of its shares. A. J. Bekhor is placing 2.1m shares at 23p each, giving the company a market value of £2.35m.

The company is part of the Sangers group which has interests in property and manufacturing. Sangers will retain its 76 per cent stake for at least two years.

Sangers chief executive Mr Mike Flynn, who will be a non-executive director of Sangers Photographic, says "we wanted to give the management the autonomy to develop and diversify the company, including possible acquisitions, without having to always come to the main board for approval."

Sangers Photographic has forecast pre-tax profits of £460,000 for the year to February 1984, compared with £536,000, on sales exceeding £20m.

It supplies photographic goods to independent photographic dealers around the country and some larger stores including Woolworth. It is based in Birmingham where it has a 31,000 sq ft warehouse with considerable capacity for expansion.

The company has also established a marketing group called Image with over 200 members. It provides supplies of equipment and advertising and promotion for members.

● comment

Sangers Photographic must attribute a large element of its recent growth to acquisitions. The main strength of independent photographic shops over their cut-price retail chain competitors is service. The development of Image, the marketing group, looks Sangers' most promising boost to an improvement in productivity and sales in the future, a fact the management has recognised with its decision to supplement the marketing fund to which Image's 250 members contribute £20 a week. It sees scope for diversification in the products it supplies and an extension of its customer base, but has cautiously pitched the share price to give a fully taxed p/e of around 10 and a yield on an estimated net dividend of 1.25p net for the year of 7.6 per cent.

Virani to take over at Belhaven

MR ERIC MORLEY is to be succeeded as chairman and chief executive of Belhaven Brewery by Mr Nazum Virani, the 35-year-old Ugandan Asian businessman whose family-owned Virani hotels group last December emerged as Belhaven's largest shareholder with a stake of 27.5 per cent.

He will be appointed managing director and chief executive when Mr Morley's three-year contract expires on April 6, it was announced yesterday. Mr Morley will continue as non-executive chairman.

Belhaven said that the appointment had the mutual agreement of all parties given the imminent expiry of Mr Morley's contract, the improved trading position of the company and the emergence of the "highly successful Virani group as majority shareholders."

The announcement comes barely nine months after the Virani group first bought an 11.5 per cent stake in Belhaven. Despite further purchases Mr Virani has said he regarded the stake purely as an investment.

At the time of the last share purchases, it was announced that negotiations between Belhaven and Virani over the purchase by Belhaven of four Scottish hotels from Virani and the sale of a Spanish hotel had been put "in abeyance."

Yesterday's announcement did not take this state of affairs any further but a statement said that the sale of Belhaven's two loss-making subsidiaries, Ashpoint (Plastic Packaging) and the Golden Sands Holiday village in Norfolk, plus a proposed revaluation of its brewery assets, should give a viable base for future developments.

Dyson's cost cutting takes effect

THERE WAS no apparent improvement in demand for refractory products at J. & J. Dyson in the six months to September 30 1983.

However, a cost-cutting exercise helped to reduce losses in this division and overall the group returned a taxable profit of £42,000 for the period compared with a £150,000 loss. Turnover was up at £19.43m against £16.55m.

Last year the company incurred a taxable loss of £522,648 (profit £329,430). The interim dividend is held at 2p net per 25p share. Last year's final payment was also maintained at 2p. There was no tax for the interim period—an extraordinary credit last year added £679,000.

Further rationalisation of production capacity has taken place in recent months, the directors state, which will result in extraordinary items being charged for the year. However, it is hoped that refractories will return to profitability in 1984-85.

All companies in the general division are profitable with M and G Trailers (Lye) showing a considerable increase in profit. Last month Sandgate Motor Sales opened a petrol station opposite the new Sainsbury's supermarket in Sheffield which,

Results due next week

The benefits thus expected from half results from Imperial Group last July seem to have increased the spread of brokers' forecasts for its preliminary announcement on Thursday. They range from a 10 per cent increase to £170m pre-tax to a 21 per cent jump to £190m, with the majority bunching in the third quartile. Most are agreed, however, on a 0.5p increase to 7.75p net per share in the dividend, with the profits increase stemming from the benefits of rationalisation on the tobacco side, where sales volume seems to have stabilised and price competition is not so severe. Yesterday's news about BAT's withdrawal from the UK will further boost confidence.

Elsewhere, trade reports suggest that Courage had a good summer and currently trading [illegible] will have helped put a gloss on Howard Johnson's improving trading performance. Lower money rates and reduced borrowings will also have cut the interest charge. A better cash position [illegible] soon put the company on the acquisition trail again.

Having just whetted the City's appetite with the prospect of a cash mountain if it decides to sell its stake in the House of Fraser group, Lonrho takes the stage again on Thursday when it announces its preliminary results for the year to September 1983. With £43m in the hat at half-time, the company has already indicated at least £100m pre-tax for the year, which puts it in line [illegible] 1981's £111.6m restated figure. The company will have done well on the mining side, thanks largely to its booming platinum interests, while better commodity prices will have boosted agriculture. Elsewhere motor distribution will have benefited from better car sales, in particular at Lonrho's VW and Audi franchise, and hotel interests will have had a boost from the better tourist picture in the UK, Mexico and the U.S. The only areas likely to disappoint are financial services and manufacturing, with the dividend probably being held at 9p net [illegible] to enable the company to rebuild its resources after last year's uncovered position.

When ICI severed its last financial link with Vantona Viyella in December, the latter estimated that it had made a profit before tax of not less than £11m on turnover of £309m in the year to November 27. Some analysts, however, feel that the prediction may have been on the conservative side and that when the group brings out its final results for the period next Tuesday pre-tax profits could reach £11.5m. Strict comparison with the previous year will be impossible because the figures will include a full 12-months from Vantona but only one months from Carrington Viyella, which since the merger with Vantona has probably clocked up a turnover of more than £150m. However, it would appear that the group has benefited from more efficient capacity utilisation at Carrington's weaving and spinning factories and a pick-up in UK retail clothing sales. The consensus is for a maintained total dividend of 3p net.

This looks like being the recovery year for the gases-to-medical group BOC, and the first quarter figures to end-December (due on Tuesday) will be scrutinised by the market as evidence of the scale of the return. The two most cyclically sensitive divisions, carbon and carbide, and welding, made a combined pre-tax loss in the last full year of £24.5m, but have recently been subject to extensive cut-backs and rationalisation. With luck, the carbon division should show a return to modest profit, and welding losses should at least be reduced. Industrial gases, also to an extent a cyclical business, should show improvement, and the group's star performer these days, the health care division, should continue its recent remarkable growth record. Last year's first quarter pre-tax profit was a depressed £16.6m, and this time analysts are looking for something in the range of £28-£32m, in the context of a full-year figure of around £130m.

The Canadian insurance broking group Reed Stenhouse has just completed its takeover of Glasgow-based Stenhouse Holdings, and first quarter figures to end-December (due on Tuesday), while not containing any benefit from the acquisition, will be received with some interest. In the past couple of years its first quarter figures have shown a pre-tax loss, largely because of seasonal factors. This time, the outcome is expected to be similar, though given the highly-geared effects of revenue versus costs the picture is cloudy. Last year's first quarter pre-tax loss was £413,000.

Other companies reporting this week include Unitech and ML Holdings with interims on Tuesday, Waring and Gillow and Whitworth Electrical with interims on Wednesday. On Thursday, Scottish Agricultural Industries announces its final figures, and Dale International, William Ransom and London Shop Property Trust report their interim figures.

CML Microsystems—Coming to USM via offer for sale by tender at minimum price of 93p per share.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Aclonson Bros.	Tuesday	0.6	0.8	0.9
Alliance Trust	Thursday	3.75	8.55	4.0
Crescent Japan Investment Trust	Tuesday	[illegible]	[illegible]	[illegible]
Dew, George	Tuesday	[illegible]	[illegible]	[illegible]
Ford, Martin	Wednesday	0.25	1.0	0.35
[illegible]	Thursday	[illegible]	[illegible]	[illegible]
Imperial Group	Thursday	[illegible]	[illegible]	[illegible]
Lonrho	Thursday	[illegible]	[illegible]	[illegible]
[illegible]	Tuesday	[illegible]	[illegible]	[illegible]
Scottish Agricultural Industries	Thursday	[illegible]	[illegible]	[illegible]
Tribune Investment Trust	Thursday	[illegible]	[illegible]	[illegible]
Vantona Viyella	Tuesday	[illegible]	[illegible]	[illegible]
Yeoman Investment Trust	Thursday	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS				
Capital Reserve Fund	Tuesday	—	4.0†	
Dale Electric International	Thursday	1.0	2.8	
Ewart New Northern	Thursday	1.0	3.0	
Gold Fields of South Africa	Tuesday‡	180.0	320.0	
Grippeods	Friday	1.4	3.25	
Haslemere	Monday	—	—	
Howard Shuttering (Holdings)	Tuesday	0.55	1.0	
London Shop Property Trust	Thursday	1.5	4.25	
Meat Trade Suppliers	Tuesday	1.75	3.5	
ML Holdings	Tuesday	2.0	5.0	
Ransom William	Thursday	1.5	5.0	
Reed Stenhouse	Tuesday	—	—	
Second Alliance Trust	Friday	2.75	6.1	
Stockdale Holdings	Monday	3.0	9.0	
Unitech	Tuesday	1.34	2.665	
Waring and Gillow	Wednesday	0.75	1.25	
Whitworth Electric (Holdings)	Wednesday	—	1.50938	
INTERIM FIGURES				
BOC	Tuesday§			

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Gross per share. ‡ In cents. § First quarter. ¶ Kr per share gross.

LWT to enfranchise non-voting shares

LWT (Holdings), which controls London Weekend Television, is to bring democracy to its share structure. The group announced yesterday that it has been discussing for some months the enfranchisement of its "A" ordinary non-voting shares, which will create a single class of voting equity.

LWT said that agreement had been reached in principle with the Independent Broadcasting Authority regarding the changes to LWT's franchise agreement and articles of association.

LWT's financial advisers, Samuel Montagu & Co, is to start discussions with representatives of the ordinary and "A" ordinary non-voting shares and with the Stock Exchange to formulate and agree a basis for enfranchisement.

Directors of LWT said they believed "that enfranchisement is in the best interests of LWT."

The City and big investors, such as the pension funds and insurance companies, are hostile to dual share structures which restrict the voting shares to a limited few investors.

But the Independent Broadcasting Authority is keen to have some control over who invests in television programme makers, to prevent the companies from falling into undesirable hands.

Institutional opposition to dual structure schemes, however, is changing the approach to the problem. A few years ago, the institutions put pressure on Associated Communications Corporation, Lord Grade's television and entertainments group, to change its share structure and enfranchise its non-voting shares. This was resisted by Associated Communications but the group was later taken over by Mr Robert a Court.

CML Microsystems oversubscribed

CML Microsystems, the high technology company which broker Simon & Coates are bringing to the Unlisted Securities Market, has been oversubscribed 20 times at the minimum tender price of 95p per share.

A striking price of 130p has been decided upon for the 2,211,200 shares which are expected to get off to a comfortable premium when dealings begin on February 8, 1984. At 130p the shares are on an actual tax prospective p/e of just over 21 and 27.5 fully taxed.

The basis of the allocation is 100 shares for applications of 100 to 3,000 shares; 200 shares for between 3,500 to 5,000; for applications from 6,000 to 60,000 shares — 4 per cent; for 65,000 to 100,000 shares — 5 per cent; for 105,000 shares to 400,000 shares — 6 per cent, subject to a maximum allotment of 20,000 shares; and for 500,000 shares and above — 25,000 shares.

West's Group

West's Group International has reached a mutual agreement with Mr D. R. Brooks, its former chairman and managing director, in settlement of the outstanding claim referred to in the group's 1982-83 accounts.

The auditors report with that year's accounts, to March 27, had stated that "the company has received claim for wrongful dismissal from the former chairman and managing director in sum of £371,214. This claim is being resisted by the company and a claim in excess of £20,000 has been made by the company."

Arthur Bell receives bid clearance for Gleneagles

BY DAVID DODWELL

THE TAKE-OVER PANEL yesterday gave the all-clear for Arthur Bell, Scotch whisky distiller, in its hotly contested £27m bid for Gleneagles Hotels, privately owned Scottish hotels group.

This overturns a ruling a week ago that Bells had breached the Takeover Code by jumping the gun on an improved offer. Gleneagles had called "foul" in a last ditch effort to fend off the bid.

After improving its offer within hours of the guillotine falling on its first closing date, Bell announced it had won irrevocable acceptances from shareholders which, added to its own 29.29 per cent stake in Gleneagles, gave it control of 52.24 per cent of the hotel group's share capital.

When Bell learned yesterday that the Panel had cleared the bid, it promptly declared unconditional its offer—of 180 of its own shares for every 100 in Gleneagles.

The Bell board said that it was committed to ensuring that Gleneagles "continues to grow, with the emphasis being placed on prestigious hotels with the highest standard of facilities."

Gleneagles is made up of three hotels, including the luxurious Gleneagles Hotel in Perthshire, which has four golf courses, and Edinburgh's leading hotel, the Caledonia. In May last year, the board committed the company to buying the Piccadilly Hotel in London and will start a refurbishment programme in October.

The board had also proposed mounting a £8.7m rights issue to fund the purchase, but controversy over this plan led to the resignation of the British Linen Bank as Gleneagles' financial advisers. This in turn laid the ground for Bell to acquire a 29.9 per cent stake in the company and use this as a launching pad for a full bid.

An extraordinary shareholder meeting planned by Gleneagles for next Monday to approve the rights issue plans has been adjourned.

Bells said last night that it planned to examine the commitments made over the Piccadilly Hotel, but was "in full agreement" with having a "five-star presence in London." Bell is also looking for hotels to acquire in the U.S.

There was no indication last night whether other major investors in Gleneagles would now sell their stakes to Bell. Mr Patrick Spens, of Henry Ansbacher, Bell's financial advisers, said he intended to contact these shareholders early next week.

Oceonics plans £14m purchases

BY ARNOLD KRANSDORFF

Oceonics Group, the marine electronics company which upgraded itself from the USM to a full listing last August, is expanding significantly its defence and communications business through acquisitions which could cost £14m in cash and paper.

The deals, if consummated, would bring in sales on an historic basis amounting to about £15m a year to lift the company's defence and communications-related business to nearly £20m, or about 40 per cent of group turnover.

Oceonics has conditionally agreed to acquire Air Logistics Corporation's UK subsidiary Air-Log for £6m cash with £3m payable 12 months after completion. Air-Log, which makes ground support electronic equipment for aircraft and missiles, made profits of £0.6m in 1982 and net tangible assets of £3m.

Oceonics has reached outline agreement to buy Laser Holdings, Deepform Technology and an unnamed—and yet to be acquired—company from Monogram Investments, a private group controlled by Mr R. F. Aird and Mr N. G. Allen, the controlling shareholders of Oceonics. Monogram has provisionally agreed to buy the unnamed company; its activities are complementary to Air-Log's ground support business and Laser and Deepform's interest in making missile containers and launch capsules.

The agreement with Monogram is subject to investigation and the resolution of detailed points, says Oceonics.

If all the Monogram transactions are completed, Oceonics will pay an additional £8m for businesses which turned in aggregate profits of £0.8m in their most recent financial year from combined net tangible assets of £2.6m. The consideration will be in new Oceonics shares at 290p each or in shares and cash, at Oceonics' discretion.

Oceonics points out that Mr Aird, Mr Allen and two other directors who are office holders in both Oceonics and Monogram took no part in the negotiations. Oceonics is being advised by Hill Samuel and Co.

Extension for £11m Miller bid

BY DAVID DODWELL

Nottingham Manufacturing yesterday extended its £11.3m agreed bid for F. Miller, the Glasgow-based textiles group, until February 16.

The decision to extend follows advice from Hambros, Nottingham's financial adviser, that Miller shareholders needed more time to digest a letter sent to them earlier this week by the Miller board.

This outlined that the group faced a 30 per cent fall in orders over the coming year, as Marks & Spencer shifts orders to other manufacturers. The group has already predicted lower pre-tax profits for the current year of £1.3m—down from £2.4m in the year to February 13 1983.

Nottingham, which like Miller sells most of its products to Marks & Spencer, repeated that the terms of the offer would not be increased. It has revealed that by Thursday afternoon, it had received acceptances of its offer accounting for 22.65 per cent of Miller's shares.

One of Miller's two stockbrokers, Greig Middleton, resigned in protest when the Miller board accepted the terms of the Nottingham offer. Vickers da Costa, Miller's second broker, have not resigned, but have advised shareholders not to accept. Miller's shares were unchanged yesterday at 40p.

Hambros said yesterday that it "seemed odd for some shareholders to be so intransigent." A spokesman repeated that without continued support from Marks and Spencer, Miller's prospects were bleak. Hambros will be sending a circular to Miller shareholders on behalf of Nottingham early next week, he said.

Vitatron shares suspended

Vitatron NV, the Dutch manufacturer of heart pacemakers which is listed on the London Stock Exchange, yesterday asked for trading in its shares to be suspended "pending publication of an announcement."

Mr Leunis Rodenburg, financial controller of the company based outside Amsterdam, said he had no idea why the shares had been suspended. This suggests the suspension was called for by the group's supervisory board, which is based in London and was not available for comment.

Mr Rodenburg insisted that the company was "in a much better position than we were a year ago." He predicted that the company was headed for a 1983 loss of Fl 12.4m (£2.78m). Vitatron lost Fl 13.5m in 1982.

At the halfway stage in 1983, the company reported that demand had levelled out.

Mid Wynd Trust

The net asset value of Mid Wynd International Investment Trust, per ordinary share of 25p, rose from 118.6p at June 30 1983 to 138.1p at December 31 1983.

Earnings per share for the half year ended December 31 1983 increased to 0.97p, compared with 0.83p for the corresponding period, and the interim dividend is lifted to 0.9p (0.8p). The directors expect to maintain the final payment at 1p.

Maynards offer extended

MR LEW CARTIER has received acceptances for 22.9 per cent of the ordinary shares in confectionery group Maynards and for 47.8 per cent of the preference. The offer has been extended until February 17, but will not be extended further.

Mr Cartier launched his bid for Maynards in December, offering to purchase all of the preference shares, but only 31.8 per cent of the ordinary. He has already stated that his offer terms will not be increased.

Approvals for the ordinary offer have been received from shareholders representing 24.7 per cent of Maynard's equity, and disapprovals from holders of 0.8 per cent. It is a stipulation of the Takeover Panel that in the case of a partial offer, approval in principle should be obtained from over 50 per cent of shareholders.

"This is a real breakthrough," Mr Cartier said yesterday, "and I am now quite confident we will win. About 5 per cent of the acceptances have come from small shareholders, the rest from the institutions. I don't think the Maynards board can ignore 23 per cent."

Maynards shares closed unchanged yesterday at 245p.

Nimslo restructure plan

Nimslo International, maker of the three dimensional camera, intends to put proposals to shareholders for a distribution to them of shares in a Connecticut based subsidiary, Nimslo Professional Products, which is engaged in the professional photographic market.

The move will lead to a capital restructuring of Nimslo. There will be a capital reduction in the group's equity. Nimslo said yesterday that the plan was designed to facilitate the development of Nimslo Professional Products, where sales have grown from $10m when acquired by Nimslo in 1981 to $13m in 1983. Nimslo said that the Connecticut subsidiary is "profitable." It is intended that the shares in the company will be listed on the over-the-counter market in the U.S.

An agreement between Nimslo and Neuton BV which provides for payments to be made to Neuton to Nimslo and the development of the Nimslo system in France and Belgium is to be modified.

Nimslo said yesterday that the "intent of this change is to lead to close co-operation between Nimslo and Neuton BV and Fralsen SA which has established a processing facility at Besancon in France."

Charles Batchelor reports on bid moves in the jewellery business

H. Samuel offers ring of hope

A TAKEOVER by H. Samuel of James Walker Goldsmith and Silversmith would represent a major shake-up of the traditionally conservative retail jewellery business.

With the industry just showing signs of recovering from a very difficult three years trading, and both companies are working hard to sustain the momentum of the recovery, one analyst expressed surprise that H. Samuel should choose now to consider a bid.

H. Samuel is committed to a major programme of spending on modernising the appearance of its stores, computerising stock control and improving staff training. Despite its solid balance sheet, backed by the large number of stores for which it owns the freehold, a takeover of Walker would saddle H. Samuel with an additional burden of debt.

The arguments in favour of a bid now are: the recent arrival of Mr Tony Dignum, H. Samuel's new managing director, who may be keen to show his hand; Walker, which is particularly strong in the South and South-East, would provide a neat geographical fit with H. Samuel's more northerly operations; and waiting any longer would only allow Walker to move further along the road to recovery, pushing up the price a bidder would have to pay.

The UK jewellery business, worth an estimated £875m in 1983, from 6,000 specialist outlets, has been dominated for many years by a small number of frequently family-dominated firms with large amounts of capital tied up in their own freehold shops.

The multiple specialists which include H. Samuel, Ratners, James Walker and Mappin and Webb together account for 36 per cent of the market—H. Samuel is the largest with 8 per cent—while independent specialist companies account for a further 30 per cent, Tilney and Company, the Liverpool-based stockbrokers, estimated recently.

The sharp increase in bullion prices during the late 1970s—gold reached $880 an ounce in 1979—pulled a lot of new competitors into the sector. Faced with a declining gold price and the long term realities of the business many have since pulled out again to the benefit of the more committed businesses.

Despite its size, H. Samuel suffered from most of the sectors problems. Partly because of its dependence on the bullion price turnover has bumped along in the £65-75m range for the past five years.

The company failed to increase its market share in a retailing sector which itself was losing the battle for discretionary spending. Jewellery sales have risen 32 per cent in the past five years compared, for example, with a 30 per cent rise in electrical retailing.

H. Samuel's losses have been sharply cut in the first half of the current year to July 30, but the 1983 pre-tax profit of £3.38m was well below the 1980 peak of £14.9m.

Under Mr Dignum, H. Samuel is now attempting to increase its appeal to the casual shopper by revamping its stores and broadening its range into fashion jewellery and clothing accessories.

James Walker has had an even harder time than H. Samuel despite the concentration of its stores in the more prosperous South and South-East.

From a profit's peak of £4.1m in 1980 the company moved into the red in 1982 and 1983. Reductions in the number of stores have been the most obvious sign of a rationalisation programme which is also starting to show results.

Whether a merger of the two companies is the most logical next step on the road to recovery however is a question puzzling many observers.

Clarks backs £15m buyout of John Farmer

By David Dodwell

MR PATRICK FARMER and his brother Timothy Farmer yesterday revealed that they had mounted, with backing from C. & J. Clark the shoe manufacturer, a £15.3m management buyout of John Farmer, the retail shoeshop chain, from Hanson Trust.

Mr Patrick Farmer, joint managing director of the retailer, which has about 30 shops mostly in the south of England, said yesterday that they had approached Hanson about a buyout about six months ago. Clark is the company's main supplier.

At Hanson Trust, Mr Martin Taylor, finance director, said the buyout followed naturally as the group disposed of operations that were not central to Hanson's business following the acquisition of UDS last year.

The Richard Shops and John Collier retail chains have been sold for £106m, with shoe retailer William Timpson sold for £42m and Orbit for £5m.

Patrick Farmer said yesterday: "We were prompted to propose a buyout because we were part of the UDS multiple shops division. Once we saw that this group was disappearing, we felt we ought to make a move."

He refused to disclose how much of the £15.3m has been provided by Clark. The shops are currently earning about £1.75m a year before tax, he said, with the company's asset value around £18m.

A spokesman for Clarks said that Farmers were an important outlet for its shoes. Clark controls the Ravel, Peter Lord, Bayne & Duckett and James Baker shoe retail chains, with a total of about 400 outlets.

There are about 3,000 shops across the UK which operate under the Clarks or K-Shoe name, but these are all independent retailers operating under franchise. Britain's largest shoe retailer is the British Shoe Company, which has 2,000 outlets including Saxone, Dolcis and Freeman Hardy & Willis.

Bowater Corporation

The Bowater Corporation has moved a step closer to selling its 46.15 per cent shareholding in the Basle-based shipping company Schweizerische Reederei und Neptun (SRN).

Just before Christmas Bowater said it wanted to dispose of its SRN stake, which it has held since 1975, and that it expected to obtain £5m for it.

The SRN board has now agreed in principle to the purchase of a majority stake by Migros, the Swiss retail co-operative. This will, however, mean the amendment of SRN statutes, which forbid any one shareholder to hold more than 46.15 per cent. Migros made it clear in December that it wants majority control of the shipping company, so the board will now consider steps to carry through the necessary amendment.

According to a spokesman of Canton Urban Basle, it is not intended to sell to Migros shares currently held by the Cantons, the Confederation or the Federal Railways. These public authorities currently hold a total of about one-third of SRN stock.

This will mean that Migros could have to buy stock from the combined shareholdings of industrial companies, banks and private individuals which account for 22 per cent of SRN.

J. Sainsbury £4m share disposal

Two directors of J. Sainsbury have reduced their combined beneficial holdings by a total of 851,500 shares worth £3.94m based on last night's closing price of 463p.

Mr D. J. Sainsbury has reduced his beneficial holding by 851,500 shares and also his non-beneficial interest by 50,000 shares. Sir John Sainsbury has reduced his beneficial interest by 800,000 shares.

Scan Data

The board of Scan Data International, computer supply and maintenance group, is in discussions with a third party which may lead to an offer being made for the company.

Last August the company—an original member of the Unlisted Securities Market—reported interim pre-tax profits ahead to £178,993 for the half year to May 31, 1983, against £78,934.

LEISURE

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Discussions are taking place between Harrisons Malaysian Plantations, its majority shareholder Permodalan Nasional, Harrisons and Crosfield and 10 Malaysian plantation companies connected with HMP and H and C with a view to restructuring the companies in accordance with the New Economic Policy of Malaysia. Most of the Malaysian plantation companies are listed on the London Stock Exchange and include Castlefield (Klang) Rubber Estate, Holyrood Rubber, Kuala Selangor Rubber, Sogomana, Kinta Kellas Rubber Estates, Sungei Bahru Rubber Estates, Daranakande Rubber Estates and Malaysia Rubber. It is understood that discussions between the parties are at an early stage.

Cluff Oil, which is traded on the Unlisted Securities Market, launched a £16m bid for fully-listed Oil and Associated Investment Trust based on the latter's net asset value. Cluff plans to realise the trust's investments to raise cash for its Far-Eastern exploration programme. Oil and Associated shareholders representing 29.9 per cent of the equity have undertaken to accept the bid, but the trust's board has so far advised shareholders to take no action.

Highgate and Job, the oil refiner and protein meal producer, mounted a share-exchange offer for Michael Black, the USM-quoted video equipment wholesaler, on the basis of 22 of its own shares for every 100 Black. The bid values Black at £1.98m, or about 52p per share.

Belgrave (Blackheath), the forging and machining company headed by Mr Abdul Shamji, the Ugandan Asian businessman, made an agreed bid for Midlands-based Hales Properties. The offer is on the basis of 161 Belgrave shares for every 110 Hales and values the latter at £6m. Hales' directors, members of their families and other shareholders accounting for 51.62 per cent of the equity have undertaken to accept the offer.

Former automobile equipment supplier Smiths Industries, which now derives the great majority of its profits from the aerospace and medical sectors, followed up its acquisition of a 13.9 per cent stake in Downs Surgical with a 49p per share cash offer for the remaining equity.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aero Needles	60*	80	43	2.56	Newell Frasbugs
Assoc Leisure	157§§	153	150	43.51	Pleasurama
Antt & Wiborg	26*	43	33††	4.70	Sun Chemical
Bassett Foods	148	160	99	17.88	Avana
Black (Michael)	44½	56	47	1.66	Highgate & Job
Candecca Res	197	187	185	77.32	Trafalgar House
Danish Bacon 'A'	115*	100	110	1.98	Ess-Food
Downs Surgical	49*§	47	38½††	6.32	Smiths Inds
Edith	57*	58	47	55.95	Invs in Industry
Francis Parker¶	50*	49	52	12.88	Tarmac Rdstone
Hales Props	22†	210	140	4.27	Belgrave (Blkhth)
Ingram (H.)	65*§	403	80	1.02	Wasskan
Int Paint	242§	227	162	21.76	Courtaulds
London Brick	150‡‡	155	104	212.00	Hanson Trust
Maynards	250*§	245	198	6.34	Lewis E. Cartier
Mitler (F.)	38½	40	42	5.54	Nottingham Mnfg
Rosedimond Inc	55½	55	50	3.32	English Assocn
Rosedimond Cap	233	215	185	6.20	English Assncn
Standard Ind	48½	46	35	3.76	Vinten
Stenhouse¶	138§§	131	106	52.38	Reed Stenhse 'A'
Stylo	325*	335	311	32.38	Harris Queensway

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. || Loan stock alternative. ** Based on 3/2/84. †† At suspension. ‡‡ Estimated. §§ Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
African Lakes	July	525	(200)	5.6	(2.2)	1.1	(1.1)
Allied Textiles	Sept	3,500	(3,190)	39.4	(21.7)	4.42	(4.42)
Assocd. Fisheries	Sept	2,570	(1,856)	10.6	(10.0)	2.5	(2.25)
Berisford, S. & W.	Sept	55,640	(54,746)	22.1	(26.0)	9.5	(9.0)
Blundell-Perm	Oct	2,040	(2,020)	16.1	(34.1)§	7.0	(6.0)
Com Bk of Wales	Dec	1,330	(716)	—	(—)	7.5	(6.0)
Dawson, William	Sept	2,400	(2,380)	37.0	(34.9)	6.6	(6.0)
FII Ltd	Oct††	2,420	(2,350)	10.0	(9.4)	3.54	(3.54)
Godwin Electrical	Aug	222	(129)	4.4	(2.9)	—	(—)
Rayters	Sept	596	(759)	19.2	(20.8)	11.0	(10.5)
IDC Group	Oct	1,070	(1,110)	10.8	(13.1)	6.73	(6.12)
Lowe, Robert H.	Oct	399L	(490)L	—	(—)	—	(—)
Newman Tonks	Oct†	3,480	(2,710)	10.3	(9.2)	6.38	(5.1)
Prestige	Dec	6,740	(5,460)	20.2	(17.8)	8.25	(6.88)
Securigard	Oct	532	(313)	5.3	(2.9)	0.88	(—)
TV South	Oct	4,460	(—)	11.3	(—)	2.0	(—)

Rights Issues

McCorquodale—To raise £10.76m via a rights issue of up to 8,183,216 new ordinary shares at 137p per share on basis of one for four.

Sketchley—To raise £14.1m with a two for nine rights issue at 350p per share.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Brown, John	Sept	9,000L	(9,400)L	—	(—)
Christie-Tyler	Oct	18	(220)L	—	(—)
Cowan de Groot	Oct	610	(230)	1.0	(1.0)
Diamond Stylus	Sept	2	(32)L	—	(—)
East of Scot Onsh	Nov	152	(140)	0.65	(0.65)
Equipu	Oct	364	(201)	1.3	(1.2)
Flextech	Nov	836	(718)	—	(—)
Hallite	Oct	152	(473)	3.0	(4.0)
Harvey & Thmpsn	Dec	187	(32)	1.5	(—)
LDH Group	Nov	91	(50)	—	(—)
Neepsend	Sept	77	(620)L	—	(—)
Nova (Jrsy) Knit	Sept	85	(250)	1.0	(2.5)
Reed Int'l	Dec‡	21,000	(13,900)	—	(—)
Renwick Group	Sept	722	(766)	—	(—)
Textured Jersey	Oct	193	(151)	1.75	(1.75)
Tottenham Hots	Nov	183	(—)	—	(—)
Vibroplant	Sept	1,320	(328)	3.0	(2.63)
Walker, James	Oct	189L	(808)L	1.0	(0.51)
Wholesale Fitt	Oct	2,140	(1,620)	1.55	(1.33)
Wood, S. & W.	Sept	150	(313)L	—	(—)
Zetters	Sept	569	(511)	0.9	(0.85)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise stated. † Figures for 15 months up to October 31. ‡ Third quarter figures. †† In I£. § Earnings per share includes deferred tax credit. L Loss.

APPOINTMENTS

Chief general manager for Norwich Union

Mr Peter Sharman, chief general manager of the NORWICH UNION INSURANCE GROUP, will retire on June 30. He will continue to be a director of the principal companies in the group. Mr Jack Campbell, general manager of the Norwich Union Fire Insurance Society, will also retire on June 30. Mr Victor Haghi, at present deputy chief general manager, has been appointed chief general manager from July 1. Mr Allan Bridgewater, at present deputy general manager of the Norwich Union Fire Insurance Society, has been appointed general manager from July 1.

★

Mr Andrew Peck and Mr Michael Wentworth-Stanley are being seconded to the COUNCIL FOR THE SECURITIES INDUSTRY. Mr Peck is a partner of Linklaters & Paines, solicitors, and Mr Wentworth-Stanley is a partner of Cazenove & Co, stockbrokers.

★

Mr J. G. K. Borrett has been appointed joint managing director of NORMAN FRIZZELL PROFESSIONAL INDEMNITY, a subsidiary of the Frizzell Group.

★

Having reached 73, Mr Alexander Gourvitch has decided to retire as chairman of the PHOENIX TIMBER group, but remains a non-executive director. He has been appointed life president. Mr Dennis Stephen Cook, has been appointed chairman and will continue as group managing director. Mr Michael Josef Hermann has been appointed an additional main board director. He is managing director of Phoenix Preservation. Mr James Capples continues as industrial director and Mr Bryan A. Ledzer as commercial director.

★

Mr Michael Sanderson has been appointed marketing director for HENRY SYKES GROUP. He was formerly marketing manager for CompAir Construction and Mining which had hired him from five years with the Eaton Corporation. Mr Geoffrey Fox has been appointed sales director. He was formerly general sales manager of the industrial products division of Weir Pumps.

★

Mr Brian Pettinger has been appointed managing director of WATERLOW PETTY BUSINESS FORMS, Leeds, a member of the BPCC Communication and Information Corporation. He succeeds Mr Brian Gray who becomes sales and marketing director. Mr Pettinger was formerly a director of the British Magazine and Catalogue Corporation and commercial and financial director of Petty and Sons Leeds. He joined Petty's from Crabtree Vickers two years ago.

★

HARVEYS OF BRISTOL has appointed Mr Walter Caldwell as UK sales and marketing director. He succeeds Mr Philip Davey who left Harveys to become managing director of Vine Products in 1983. Mr Caldwell joins Harveys from Whitbread and Co., which he joined in 1979. He is currently on-trade sales and marketing director in the West Pennines region.

★

Group company secretary, Mr K. F. Siddall is now assistant group managing director of C.D. BRAMALL (BRADFORD). Mr R. M. Picking is now managing director.

★

Mr Christopher Gibbons has been appointed a director of THE THROGMORTON TRUST, The Throgmorton Secured Growth Trust, and the New Throgmorton Trust (1983).

★

Mr John Mackenzie and Mr Keith Purdom have been elected chairman and vice-chairman respectively of the TOUR OPERATORS STUDY GROUP. Mr Mackenzie is managing director of Blue Sky Holidays, part of The Caledonian Aviation Group. Mr Purdom is operations director of Horizon Holidays.

★

Sir John Trelawny has become a director of GODDARD KAY ROGERS AND ASSOCIATES, executive search consultants. He was previously a director of Korn/Ferry International.

★

OXLEY DEVELOPMENTS CO has appointed to its board Major General Peter Dawnward, and Mr R. L. Lamming.

★

BROWN & ROOT (UK) has appointed Mr Keith N. Henry as a vice-president and director. He was formerly a senior manager in the engineering department. Mr A. J. Evans has been appointed general manager—Scotland where he will be responsible for all Brown & Root engineering, project management and construction activities in the Dyce office.

★

Mr Steven H. Ollech has joined the partnership of ANNAN IMPEY MORRISH, management consultants. He will specialise in computing and information technology.

★

Mr Alfred Butterworth will retire as manager of NATIONAL WESTMINSTER BANK'S City office at 41 Lothbury on May 31 and will be succeeded by Mr Creighton Redman, currently manager of the Mincing Lane branch.

★

Mr David Waterstone, chief executive of the Welsh Development Agency and formerly a director of British Steel Corp, has joined the board of PORTSMOUTH AND SUNDERLAND NEWSPAPERS as a non-executive director.

★

Mr Richard H. R. Latham has been appointed to the board of INTERNATIONAL ATLANTIS RESOURCES.

★

The ENGLISH ASSOCIATION GROUP has appointed Mr S. G. Brooksbank, chairman of United Kingdom Temperance and General Provident Institution as a non-executive director.

★

Mr M. R. Luthert, currently director, lending and special duties, LLOYDS BANK INTERNATIONAL, has been appointed to the new rank of senior director. This promotion recognises the wide scope of Mr Luthert's responsibilities, says the bank. Mr Luthert is also a director of The Institute of International Finance Inc, Washington.

★

LAUGHTON AND SONS, Birmingham, which manufactures the Stratton Giftware range, Lady Jayne Haircare range, and the Twinco Patioware range, is carrying out a restructuring of the main board. Mr Jerome Laughton remains chairman but is succeeded as group managing director by his son, Mr Michael Laughton. Mr Timothy Laughton assumes responsibility for all sales, home and overseas, as sales and marketing director. Mr Bryan Higgs, retains his role as group financial director and also assumes responsibility for the profitability of the UK operating divisions as commercial director. Mr Dennis Deetey takes charge of all UK manufacturing and engineering as manufacturing director. Mr Stanley Jackson remains a non-executive director in an advisory role to both the financial director and in formulating general group policy. Mr Malcolm Laughton, now resident in Australia, retains his role as overseas director.

★

Mr Ian Macfarlane has joined ULTRAMAR GOLDEN EAGLE as director—operations and planning. He was general manager, supply and distribution, with Texaco UK.

STC forms technology company

Dr Simon Willder has been appointed managing director of STC TECHNOLOGY, newly-formed to develop and market technology inside and outside the STC group. He has worked for the past 13 years for the Plessey Company, where he held the posts of managing director of Plessey Controls, managing director of Plessey Telecommunications Research, and, most recently, director of engineering and digital switching.

★

Mr Jiri Ehebner has been appointed an executive director of CHASE MANHATTAN, London-based merchant banking subsidiary of the Chase Manhattan Capital Markets Group. He continues to be responsible for the management of the merchant bank's loan syndications team.

★

Mr Richard J. L. Newman has been appointed export sales director of IMI NORGREN ENOTS, a subsidiary of IMI. He succeeds Mr Peter Pass who is appointed director, special projects, until his retirement on March 31. Mr Michael R. Marsden has been appointed overseas manager.

★

Mr Tim Leader has been appointed to the board of SIMON ENGINEERING. He joined Simon in 1982 as chairman of its process plant contracting group, in which he controls operating companies in the UK, Australia, the U.S., South Africa and France. This group is one of six operating group, within Simon Engineering.

★

Mr Tony Tillin, managing director of Information Services, Business Press International division, joins the board of BUSINESS PRESS INTERNATIONAL SALES & DISTRIBUTION company as a non-executive director.

★

TENHILL COMPUTER SYSTEMS has appointed Mr John Edmondson as financial director, and Mr Derek Irvine as sales and marketing director.

★

DORMAN SMITH SWITCHGEAR, Preston, has appointed Mr Norman Barker as production services director. He was commercial manager.

Continued from Page 22

[illegible]

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any Stock Exchange

Anglo Am Agric 35 .6 7 9 (27/1)
An Street Brewery (£1) 380
Assoc Hotels (50p) 165 (30/1)
Biotechnology Invs $U.S.0.02 £11.45 .50 .65 .75
Burad Inc (10p) 23 .6
Cannon St Invs (20p) 5 .6 (31/1)
Castletown Brewery 3½pcDb £31 (31/1), 4½pcPf (£1) 38 (31/1)
Central ITV (50p) 210 .5
Channel Hotels and Props (10p) 48 ¼ .50 (31/1)
Checkpoint Europe 300 1 (31/1)
Comcl Bank of Wales (£1) 100 .5 .10 (31/1)

[illegible]

Sinclair Research 34½ ¼
Sodastream (£1) £15 .04 .50
Southern Newspapers (£1) 157 52 5 6½
Tadsila Invs (10p) 34 .5 8
Weetabix A 100 7 ½ (30/1)
Wynstay Props 105 (27/1)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Expl 517 (30/1)
Caledonian Offshore 4pcLn 2000 £105 (27/1)

(By permission of the Stock Exchange Council)

Economic Diary

TODAY: King Fahd of Saudi Arabia to meet President Francois Mitterrand of France in Paris. Final day of the Local Government Conference in Nottingham.

MONDAY: Credit business (December). Final December retail sales. Housing starts and completions (December). Provisional producer price index numbers (January). EEC Finance Ministers meet in Brussels. Meeting of the EEC Agricultural Council in Brussels (until February 7). President Mitterrand expected to make a key statement on EEC reform at the Hague. OECD hold conference on unemployment in Paris.

TUESDAY: London clearing banks' monthly statement (mid-January). Provisional estimates of monetary aggregates (January). Mr George Shultz, U.S. Secretary for State, to visit Grenada. Forty-nation committee on disarmament resumes talks on chemical weapons in Geneva. English Tourist Board launches summer holidays campaign. GATT council meets in Geneva.

WEDNESDAY: TUC economic committee meets. The Institute of Directors hold conference on "How to create successful joint ventures overseas" at 116 Pall Mall, SW1. Legal and General Assurance to make statement on portable pensions. Mr David Williamson, EEC Cabinet office, to speak on "Britain's contribution to EEC" at National Farmers Club, Whitehall Place, SW1.

THURSDAY: Provisional figures of vehicle production (January). ACP/EEC meet in Brussels. NUM executive meets. The Economist holds conference on "Transatlantic debate over emerging technologies and defence capabilities" at Royal Garden Hotel, W8.

FRIDAY: Tax and price index (January). Retail prices index (January). Usable steel production (January). Building Societies' monthly figures (January). Crufts Dog Show opens at Earls Court (until February 12).

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EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C $350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$383.25

[illegible]

TOTAL VOLUME IN CONTRACTS: 54,673

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Apr.	July	Oct.	Apr.	July	Oct.
[illegible]						

Feb. 3. Total Contracts 3,606 Calls 2,812, Puts 794. * Underlying security price.

Granville & Co. Limited

Member of NASDIM

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	Fully taxed
142	120	Ass. Brit. Ind. Ord.	[illegible]					
158	117	Ass. Brit. Ind. CULS	[illegible]					
78	62	Airsprung Group	[illegible]					
38	21	Armitage & Rhodes	[illegible]					
303	[illegible]	Bardon Hill	[illegible]					
57	[illegible]	Bray Technologies	[illegible]					
200	151	CCL Ordinary	[illegible]					
151	121	CCL 11pc Conv. Pref.	[illegible]					
265	100	Carborundum Abrasives	[illegible]					
243	100	Cindico Group	[illegible]					
[illegible]	[illegible]	Deborah Services	[illegible]					
131	97	Frank Horsell	[illegible]					
[illegible]	[illegible]	Frank Horsell Pr Ord 87	[illegible]					
[illegible]	[illegible]	Frederick Parker	[illegible]					
[illegible]	[illegible]	George Blair	[illegible]					
[illegible]	[illegible]	Ind. Precision Castings	[illegible]					
[illegible]	[illegible]	Isis Conv. Pref.	[illegible]					
[illegible]	[illegible]	Jackson Group	[illegible]					
[illegible]	[illegible]	James Burrough	[illegible]					
[illegible]	[illegible]	Minihouse Holding NV	[illegible]					
[illegible]	[illegible]	Robert Jenkins	[illegible]					
[illegible]	[illegible]	Scruttons "A"	[illegible]					
[illegible]	[illegible]	Torday & Carlisle	[illegible]					
[illegible]	[illegible]	Travian Holdings	[illegible]					
[illegible]	[illegible]	Unilock Holdings	[illegible]					
[illegible]	[illegible]	Walter Alexander	[illegible]					
278	223	W. S. Yeates	[illegible]					

هكذا من الأصل

Wall St. resumes lower levels

HIGHER LEVELS failed to hold on Wall Street yesterday, when the market backed off considerably from earlier levels, and prices turned weaker.

After rising 8.17 to 1222.05 in the first hour, the Dow Jones Industrial Average came back to 1213.88 by 1 pm, unchanged on the day and 16.12 down on the week. The NYSE All Common Index, at $94.00, shed 28 cents on the day and 77 cents on the week. Trading volumes decreased 1.3m shares to 80.36m, compared with 1 pm Thursday.

Analysts said that initial strength was largely a carryover of Thursday's gains, which had been supported by bargain hunting following a prolonged decline.

Concern about Budget deficits and high interest rates tended to make investors reluctant to purchase stocks aggressively, analysts said.

Some traders also were believed to be marking time ahead of comments by Federal Reserve Board chairman Paul Volcker. On Monday, he is expected to release new monetary targets.

The Transportation Index gave way 9.06 to 546.36, making a fall of 20.79 on the week.

General Electric gained $⅜ to $55⅞—GE and Rolls-Royce signed a joint engine pact.

Mattel edged up $⅛ to $7¼—it entered into a Letter of Intent to sell its "Intellivision" video business for $20m.

Motors surrendered fractions, while Steels edged higher.

Du Pont and Dow Chemical, which on Thursday reported sharply higher fourth quarter earnings, scored fractional gains.

Prices on the American SE were mixed. The Amex Market Value Index dipped 0.18 to 215.16, making a loss of 5.37 on the week.

Canada

Stocks left behind an early advance and turned mixed at midsession. The Toronto Composite Index edged up 0.5 to 2,471.9.

The Metals and Minerals Index put on 3.7 to 2323.9 and Oil and Gas rose 7.1 to 3342.4, but Golds lost 43.3 to 4241.3.

Pominex, up 6 cents to $1.21, continued strong in active trading after gaining 44 cents Thursday on its report of gold assays from drilling near Timmins, Ontario.

Closing prices for North America were not available for this edition.

Paris

Share prices tended lower in quiet trading following the decline of the franc against the mark.

Yesterday's ¼ point rise in French Call Money to 12⅞ per cent also discouraged buyers.

Profit-taking after recent gains was evident in Foods.

In mostly lower Hotels, Perrier gained Frs 4 to 530 after reporting higher consolidated net profit for the year ended September 30.

Germany

Shares ended mixed, as numerous small orders sent "second-tier" stocks climbing and lively two-way trading left Blue Chips mainly easier.

The Commerzbank Index dipped 2.0 to 1,094.5.

Dealers said markets are benefitting from the new inflows of funds from abroad, though profit-taking among Foreign investors is in evidence. Turnover hit the second highest level ever last month, and trading so far in February has been even higher. "Small" investors, encouraged by company news, have joined in and yesterday outstripped the Institutions.

But AEG, its finances improving after its 1982 insolvency plea, breached DM 100 mark to end at DM 101, a four-year high and up DM 5.5 on the day.

Steelmaker Hoesch also rose DM 5.5, while Thyssen gained DM 2.90 to DM 92.70 despite news of a DM 550m net loss in the year ended September 30.

In heavy two-way trading Siemens ended DM 1.50 higher at 409.50. BBC rose DM 4.50 to 247.50.

In Engineerings, MAN added DM 0.80, despite sharply lower first half year orders. Its majority shareholder, GHH, gained DM 4.50 to 152. But Linde fell DM 4 to 394. Deutsche Babcock climbed DM 9.5 to 189.5 —it is restoring a dividend for the Preference shares.

Stores were also strongly sought, especially Horten, which finished up DM 10.50 at 193.

Investors ignored news of record operating profits at Commerzbank and it slipped DM 1.20 to 187.50.

Major chemicals ended easier.

Switzerland

Domestic stock prices firmed in very active turnover.

Most Swiss Bank shares rose sharply in active trading on speculation major Banks would raise dividends on 1983 earnings.

This followed news Thursday that Bank Leu AG, up from Frs 85 at 4,575, would pay an extraordinary 2 per cent bonus dividend on top of its basic 16 per cent payout. But Gotthardbank fell Frs 19 to 600 on profit-taking.

Bank Corp's Index of Bank shares rose to 623.20 from 610.30 Thursday.

Tokyo

Lower on persistent small-lot liquidation of Blue Chips and "Populars" in dull trading.

The Market Average fell another 22.16 to 10,134.13. Volume 280m (330m) shares.

Both Japanese and Foreign investors generally held off because of uncertainty over the Wall Street trend and the high level of Margin Trading positions on Japanese Stock Exchanges.

The market ignored the yen's rise against the dollar and the Finance Ministry announcement of an 11 per cent year on year rise in Export Letters of Credit in January.

International "Populars" led the fall, though some of them closed above the worst.

Nissan Motor was down Y8 to 747, despite its agreement to assemble cars in Britain.

But non-Ferrous Metals were bought because of the higher Gold price abroad and the rise in non-Ferrous Metal prices. Sumitomo Metal Mining rose Y70 to 1,460, Dowa Mining Y25 to 612, Furukawa Y9 to 343 and Mitsui Mining and Smelting Y11 to 492.

Arabian Oil rose 5,180 to 5,730 on a 43.2 per cent rise in taxed profit in 1983.

Australia

Sharply higher Gold and Metal prices, and better than expected results from Australia's biggest company combined to push share prices higher.

The All Ordinaries Index rose 9.4 to 776.8.

Traders said most of the activity centred on Resource stocks following a sharp rise in Gold and other Metal prices on World Markets. The All Resources Index jumped 16 points to 588.3 and the Metals and Minerals Index was up 16.7 at 547.2.

Industrials were somewhat better.

Markets were brightened by the announcement that Broken Hill Proprietary's profit for the six months ended November 30 rose 111 per cent to $A285.9m better than generally expected.

Broken Hill also announced that it's planning a new share issue on the basis of one-for-nine, offered at $A7.50 a share to raise $A285m. The share issue was expected, but traders said it wasn't as severe as expectations.

Johannesburg

Prices and volume picked up as the Gold price continued its advance. Trading in fixed interest securities was also brisker.

But some Gold Minings closed below their opening levels as investors took profits.

Amsterdam

The market recovered from Thursday's weak trend, but activity slowed down after the market set record turnovers in previous days.

Banks and Internationals showed good gains.

NEW YORK

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

SINGAPORE

GERMANY

SWEDEN

SOUTH AFRICA

SWITZERLAND

ITALY

AUSTRIA

BELGIUM/LUXEMBOURG

Indices

NEW YORK ACTIVE STOCKS

FOREIGN EXCHANGES

Dollar weak

The dollar lost ground in currency markets yesterday to finish at its lowest level this year. The dollar's weaker trend reflected a fundamental turnaround in market sentiment with many dealers now looking for a weaker dollar in view of recent economic statistics. The latter have suggested a slowdown in U.S. economic growth, thereby reducing inflationary pressures normally associated with a sharp economic expansion and the need for higher interest rates.

Some dealers remained sceptical however, pointing out that the dollar has threatened to fall back from recent record highs on a number of occasions without actually doing so and that the size of the U.S. budget deficit may inevitably inhibit any significant reduction in U.S. interest rates. The situation is further clouded by the long run up to U.S. Presidential elections.

The dollar closed at DM 2.7370 from DM 2.7605 and SwFr 2.20 from SwFr 2.2170. It was also lower against the yen at Y232.75 from Y233.60 and FFr 8.4150 compared with FFr 8.48.

On Bank of England figures, the dollar's trade weighted index fell from 130.4 to 130.3. Sterling finished unchanged on a trade weighted basis with its index at 82.0, the same as Thursday's close, having stood at 82.0 at noon and 82.1 in the morning. Against the dollar it closed at $1.4275-1.4285 a rise of 55 points from Thursday. Against the D-mark it fell to DM 3.91 from DM 3.93 and SwFr 3.1450 from SwFr 3.1550. It was also lower against the French franc at FFr 12.0150 from FFr 12.06 but was unchanged against the yen at Y332.5.

£ in New York (latest)

	Feb. 2	Prev. close
Spot	$1.4630-4340	$1.4280-4890
1 month	0.04-0.07 dis	0.05-0.06 dis
3 months	0.16-0.20 dis	0.15-0.18 dis
12 months	0.68-0.83 dis	0.75-0.78 dis

£ forward rates are quoted in U.S. cents discount.

OTHER CURRENCIES

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

MONEY MARKETS

Further shortage

Day-to-day credit was in short supply in the London money market yesterday and the Bank of England forecast a shortage of around £650m. Factors affecting the market included maturing assistance and a takeup of Treasury bills together draining £408m and Exchequer transactions a further £40m. There was also a rise in the note circulation of £208m.

The Bank of England invited an early round of offers on bill purchases and this resulted in the authorities arranging sale and repurchase agreements on £215m of bills at 9 per cent for resale in equal amounts on February 20 and February 22. The forecast was later revised to a shortage of around £750m, before taking into account the morning's operations. The Bank gave further help in the morning of £265m, comprising purchases of £10m of Treasury bills in band 1 (up to 14 days) at 9 1/16 per cent and in band 2 (15-33 days), £8m of Treasury bills and £60m of eligible bank bills all at 9 per cent. In band 3 (34-63 days) it bought £93m of eligible bank bills at 8 13/16 per cent and in band 4 (64-91 days) £1m of local authority bills and £95m of eligible bank bills all at 8¾ per cent.

The forecast was again revised to a shortage of around £800m and the Bank gave additional assistance in the afternoon of £224m. This comprised purchases of £6m of Treasury bills in band 1 at 9 1/16 per cent and in band 2 £3m of Treasury bills and £4m of eligible bank bills all at 9 per cent. In band 3 it bought £174m of eligible bank bills at 8 13/16 per cent and in band 4 £37m of eligible bank bills at 8¾ per cent. The Bank also provided late assistance of around £20m.

Three-month eligible bank bills were bid at 8 13/16 per cent unchanged from Thursday and three-month interbank money was quoted at 9 1/16-9 3/16 per cent compared with 9 1/8-9 1/4 per cent. Weekend interbank money traded between a high of 10 per cent and a low of 8 per cent.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7, 1983 to January 3, 1984 (inclusive) 9.482 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) 9½ per cent from February 1, 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8317 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-12 months 10¼ per cent. Under £100,000 9¼ per cent from February 6. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. February 3)

3 months U.S. dollars: bid 9 5/16, offer 9 7/16

6 months U.S. dollars: bid 9 11/16, offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

* N/A—Not available.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

REVIEW OF THE WEEK

Heavy selling hits cocoa market

BY OUR COMMODITIES STAFF

COCOA FUTURES prices on the London market sustained the heaviest setback for months as fundamental and technical factors combined to give the "bears" the upper hand for a change.

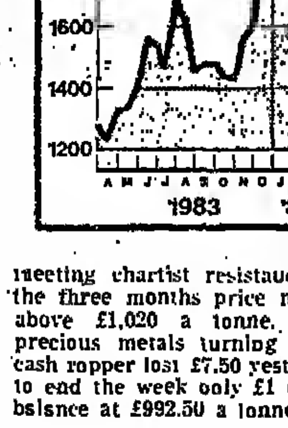
The May position plunged £112 on Tuesday when news of a much bigger than expected purchase figure by the Ghana Cocoa Marketing Board and reports that Brazil had been selling stockpiled beans fairly cheaply proved too much for increasingly nervous holders of long positions.

Dealers noted that the recent rise had left the market very top-heavy and the ensuing fall was accelerated by the triggering of stop loss orders and heavy chartist selling.

The slide was resumed on Thursday morning when nearby positions went the £40 permissible limit down. But a rally quickly restored the status quo and continued yesterday morning to take the May quotation up to £1,895. Renewed speculative selling set in at this level, however, encouraged, dealers thought, by hedging sales against recent purchases of cheap, low grade Ivory Coast beans. The May position ended at £1,839 a tonne, down £36.50 on the day and £160.50 on the week.

Coffee prices also came under pressure as prospective buyers were discouraged by expectations that a further 1m tonnes quota release by the International Coffee Organisation will be triggered next week when the 15-day moving average price reaches the 140 cents a lb level. The May position ended £54 down at £1,923.50 a tonne.

The copper market was lifted during the week on further encouraging indications for the U.S. economy and the continuing strength of precious metals. But prices slipped back after meeting chartist resistance as the three months price moved above £1,020 a tonne. With precious metals turning down cash copper lost £7.50 yesterday to end the week only £1 up on balance at £992.50 a tonne.



AMERICAN MARKETS

NEW YORK, February 3.

Precious metals and aluminium recovered from early losses following the retracement in foreign currencies, reports Heinold Commodities. Copper came under early arbitrage selling pressure in line with weaker precious metals but turned late on speculative buying. Despite a constructive export sales report, cotton slipped on speculative selling because the report had been largely discounted. Sugar settled slightly higher on reports of purchases by Soviet Union and China. Coffee was slightly lower on expectations of an imminent 1m bag quota release by the ICO. Cocoa encountered early technical selling and eroded throughout the session. Heating oil weakened in the spot March contract on softening cash prices while more distant months rallied on concern over low stocks and escalating tension between Iran and Iraq. Grains declined in sympathy with soyabeans due to last month's export sales report which indicated a cancellation of sales to West Germany.

NEW YORK

CHICAGO

BASE METALS

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £988, 97, 97.50, three months £1,018, 19.50, 19, 18.50, 18, 19, 19.50, 18. Cathodes: £996, three months £1,006. Kerb: Higher Grade: Three months £1,020, 19.50. Afternoon: Higher Grade: Three months £1,012, 13, 13.50, 13, 12.50, 14, 14.50, 14. Kerb: Higher Grade: Three months £1,014.

COPPER

NICKEL

TIN

SILVER

LEAD

ZINC

ALUMINIUM

Three months £1,089, 89.50, 90, 89, 90, 91, 92, 91, 92, 91, 90.50. Kerb: Three months £1,091, 89, 89, 90, 90.50, 91. Turnover: 18,525 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	1063.5-4	-4.5	1084.5	-2
3 months	1080-1	-5.25	1090.5-1	-3

COCOA

COFFEE

Sales: 4,377 (4,073) lots of 5 tonnes. ICO Indicator prices (U.S. cents per pound) for Feb 2: Comp. daily 1979 140.56 (140.30); 15-day average 139.57 (139.31).

GRAINS

Business done—Wheat: March 123.00-19.90, May 121.70-1.50, July 122.55-2.20, Sept 105.40-8.30, Nov 111.40-1.30, Jan 1114.45-4.20. Sales: 185 lots of 100 tonnes. Barley: March 117.65-7.65, May 119.30-9.10, Sept

INDICES

FINANCIAL TIMES

Feb. 2	Feb. 1	M'th ago	Y'ar ago
295.96	285.01	297.69	285.42

(Base: July 1 1952=100)

REUTERS

Feb. 3	Feb. 2	M'th ago	Y'ar ago
1996.0	1999.5	1982.1	1574.5

(Base: September 18 1931=100)

MOODY'S

Feb. 2	Feb. 1	M'th ago	Yearago
1059.0	1058.6	1050.6	1081.5

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Feb. 2	Feb. 1	Month ago	Year ago
Spot	137.91	137.38	137.75	147.76
Fut's	141.02	140.65	141.01	150.09

(Base: September 18 1931=100)

SOYABEAN MEAL

POTATOES

SUGAR

RUBBER

WOOL FUTURES

LONDON OIL

CRUDE OIL FUTURES

SPOT PRICES

GAS OIL FUTURES

GOLD MARKETS

Gold rose $1¾ an ounce from Thursday's close in the London bullion market yesterday to finish at $383½-384. The metal opened at $383¼-383¾ and traded between a high of $385¼-385¾ and a low of $382½-383.

LONDON FUTURES

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Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS
(coupons payable London)

CORPORATIONS—FOREIGN

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

VG Instruments (10p) 168 (31/1). New (10q) (FP17-2-84) 164 5 6 8
Valor 5¼pcPf (£1) 127 (30/1)
Vantona Viyella 4.9pcPf (£1) 31½ ½ (30/1)
Vickers 5pcPf £35½ (1/2). 5pcPf (£1) 57
Victoria Carpet Hldgs 28 1 2

W—Y—Z

W Ribbons Hldgs 10pcPf 1995-96 (£1) 87 (31/1)
Wade Potteries 10pcPf (£1) 98 (1/2)
Walker and Staff Hldgs 15p 35 (1/2)
Walker Crosweller 7¼pcDb 1992-97 £69 (31/1)
Walker Thomas (5p) 16½ (1/2)

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

Bristol Oil Minerals 10pc2ndPf 18½ (27/1)
British Petroleum 9pc2ndPf (£1) 89
Burmah Oil 6pc1stPf (£1) 49 (27/1). 7½pcPf (£1) 64½ 8 6 ½ ½ (1/2). 8pcPf (£1) 73½ (1/2). 7½pcLn 1981-86 £91¼ 2 ¼ ½ (1/4)
Century Oils Gp 5.25pcPf (£1) 57●
Dome Petroleum Com Shs npv 215 39
ELF UK 12¼pcLn 1991 (£25 pd 22/3/84) £25½ 6 ⅛ ¼ ⅜ ½ ⅞ ½
Mobil Corp Shs Com (S2) 539¼ (1/2)
Petroleos Mexicanos 14½pcLn 2000 £82½ ¼
Shell Transport Trado 5½pc1stPf (£1) 57 (1/2). 7pc2ndPf (£1) 70½

PROPERTY

PLANTATIONS

Dunlop Plantations 6pcPf (£1) 36 7
Guthrie Corpn 8¼pcLn 1982-97 £79½
Hidong Estate (10p) 67½ ½
Holyrood Rubber (£1) £40 3 (30/1)
Inch Kenneth Kajang Rubber (10p) 520 (31/1)
Jitra Rubber Plantations (10p) 74 (30/1)
Killinghall (Rubber) Dev Syn (10p) £8½ (31/1)
Kinta Kellas Rubber Estates (10p) 275 80
Kuala Selangor Rubber (10p) 500 (30/1)
McLeod Russel 7pcLn 1986-91 £67 8 (1/2)
Malaysia Rubber (10p) 205
Pedang Selaeg Hldgs (10p) 95 (27/1)
Remble Rubber (5p) 100 2 3 (31/1)
Riverview Rubber Estates Berhad ($M1) 150 (31/1)

RAILWAYS

SHIPPING

UTILITIES

WATER WORKS

UNLISTED SECURITIES MARKET

High-Point Serv (10p) 1380
Intersision Video 7pc Cnv Prf (£1) 123
Kenyon Sec 187 (30/1)
London and Contl Advert (8p) 34
London and Manch Sec 10pc Cnv Deb 1993-95 £82 (31/1)
Mebon (10p) 182 3 4
Moray Firth Maltings (50p) 223 5. 10pc Prf (£1) 116 ½ (30/1)
New Court Nat Res Wts 8
Rivlin (I.D.andS.) (5p) 68 7
Swindon Private (£1) 100 (1/2)
Synterials (10p) 90 (31/1)
Television South 14/20pcSbd Ln 1986-89 £116
Thorpac Grp 15p) 59 (29/1)
Towngrade Secs (20p) 31
Uelbond New 106 11 ½ 2 3 4 5
United Friendly Ins B (10p) 288 3 (1/2)
Vallin Pollen Int New (50) 153 8 6 8 60
Welpac (10p) 17 ½

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Im 118 (27/1)
AOG Minerals 15● 15 (30/1)
Acmex Hldgs 55● (1/3)
Acorn Secs 32● (1/2)
Agnico-Eagle Mines 940 (1/2)
Algoma Steel Corp £16⅞ (30/1)
Allflex Hldgs 245●
Alliance Oil Dev 56
Allied Stores Corp £31¼ (27/1)
Amatil 230● (27/1)
Amerada Hess £23● 2¼
American Cyanamid £34¼ (27/1)
American Home Prods £36 (1/2)
American Standard £21¼

Continued on Page 19

Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

BHP more than doubles net profits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

NET PROFITS at Broken Hill Proprietary (BHP), Australia's largest company, more than doubled in the six months to November 30 thanks to higher earnings from oil and gas and a sharp turnaround in the company's steel division.

Group net profit (before minority interests and extraordinary items) in the half year grew from A$135.4m to A$285.9m (U.S.$263m), while profit in the November quarter was A$161.1m, against A$47.5m previously.

BHP's oil and gas division produced a profit of A$186.5m in the latest half-year, against A$138.9m previously, while steel showed a profit of $A38.1m, against a loss of $A64.3m in the half-year to November, 1982.

The abrupt turnaround in steel follows drastic job-shedding and plant rationalisation, plus a modest upturn in the local steel market.

BHP also announced yesterday that it was making a 1-for-9 share issue, at A$7.50 per share, to raise A$285m to help finance current development, including its acquisition of the Utah International resources group from General Electric of the U.S.

For the group depreciation in the latest half-year was A$159.4m against A$147.2m, while a significantly improved group cash flow of A$411.5m enabled the early repayment of some overseas debt held under revolving facilities. Interest charges were A$48.5m while capital expenditure totalled A$207.6m

"An increasing demand for steel in Australia," said BHP, "was attributed to customer restocking, the post-drought rural revival, more housing construction, and a slight upturn in manufacturing." Annualised raw steel production over the period was 6m tonnes, against a nominal capacity of 6.6m tonnes.

BHP said it was concerned at plans to introduce a resource rent tax on petroleum production, which "would penalise successful exploration and some existing developments." The tax—initially applicable to offshore production only—will come into force from the start of 1984-85.

The group said it viewed the immediate future for the steel industry with caution.

Lex Back Page

Liberty Life to raise R120m

By Our Johannesburg Correspondent

LIBERTY LIFE, South Africa's third largest life assurance company, is to raise R120m ($95m) from its shareholders to finance increased penetration of the life assurance market.

Details of the offer are to be announced on February 24 when holders of the ordinary and cumulative preference shares will be offered increase participation in the company.

Liberty Holdings, which holds 81 per cent of Liberty Life equity said it did not intend taking up its full entitlement, as it intends placing a portion of its rights with institutions in South Africa and the UK.

In addition to its South African interests, Liberty Life has a 51 per cent interest in Transatlantic Insurance Holdings, which, in turn, owns 24 per cent of Sun Life Assurance of the UK and 29.6 per cent of the British property company, Capital and Counties.

Liberty Life says the offer to local and foreign institutions is intended to broaden the insurance company's institutional connections and its shareholder spread. In September last year, Standard Bank Investment Corporation bought a half share in Liblife Controlling, which holds 52 per cent of Liberty Holdings. This was a step towards the integration of insurance and financial institutions in South Africa.

In the six months to June 30, 1983, Liberty Life's premium income was R207.6m and its investment income was R90.4m. In the corresponding half-year of 1982, premium income was R173.7m and investment income R72m.

Amax suffers $366m loss in fourth quarter

BY KENNETH MARSTON, MINING EDITOR

A WORST-EVER quarterly loss of $366.9m is reported for the final three months of 1983 by Amax, the diversified U.S. natural resource major which is now selling a major part of its U.S. oil and gas assets for $83m to Britoil, one of the leading UK oil companies.

Amax comes out of 1983 with a total loss for the year of $469m, or $7.74 per share, compared with a loss of $390.1m for 1982. The 1983 fourth quarter results include a provision of $308.8m for losses on the hard-hit molybdenum and copper investments.

The latter include a $155m write-off of the as yet undeveloped Mount Emmons molybdenum mine in Colorado and $95m for the Anamax copper mining and refining facilities in Carteret, New Jersey. In 1982 there was a $100m partial write-down of the Anamax copper investment in Arizona.

Amax has suffered severely from the downturn in the steel industry which has caused a slump in the market for molybdenum. The company has also felt the impact of market weakness on its copper operations.

However, its nickel operations moved from losses to profits in 1983, thanks to sales from stocks. Aluminium did well and there were also benefits from higher silver and zinc prices together with lower corporate expenses and reduced costs at the mid-west coal operations.

Overall, there was a positive cash flow from operations which allowed the company to reduce its total indebtedness by $186m.

Amax notes that the general economic recovery is now expanding to include heavy capital investment. If this trend continues "Amax expects to return to profitability in 1984."

At least, matters will be helped by the company's recent enlargement of its aluminium interests via the acquisition of the Howmet subsidiary of the French state-controlled Pechiney.

A further bout of weakness in the copper price has sharply increased the 1983 fourth quarter loss of Phelps Dodge, the leading U.S. producer of copper. At $31.5m, it brings the company's total loss for 1983 to $63.5m compared with a loss for the previous year of $74.3m.

Reflecting a resumption of mining operations, the company's copper mine production last year increased to 263,100 short tons from 150,100 tons in 1982 when depressed conditions in the copper market resulted in all Phelps' copper mines having to be closed down for much of the year.

The hoped-for recovery in 1983 failed to make much progress and prices of the metal have been down in real terms to their lowest for more than 50 years.

After having improved to 81 cents per lb in the second quarter of 1983, the average U.S. producer price for copper cathodes declined to 77.7 cents in the third quarter and to 68.2 cents in the fourth quarter.

U.S. demand for copper improved last year and sales by Phelps rose to 277,800 tons from 188,500 tons in 1982. But the company says that this better trend in demand was offset by "the continued effect of over-production by state-owned foreign producers" which led to an overhang of excess stocks on the world markets and depressed prices.

PanCanadian Petroleum well ahead

By Robert Gibbens in Montreal

PANCANADIAN Petroleum was again the main profit producer for Canadian Pacific Enterprises, non-transportation group of Canadian Pacific, for 1983.

Pancanadian, a large western oil and gas producer, earned C$241m (U.S.$193.3m) or C$1.93 a share last year, against C$230.7m or C$1.85 in 1982. Stock was split four-for-one last March. Revenues were C$884m (C$792m).

Sales of oil and gas were slightly lower in volume than 1982 but prices were higher. Capital spending was unchanged at C$266m.

Nikko, B of A plan trust bank

BY JUREK MARTIN IN TOKYO

NIKKO SECURITIES and Bank of America have become the fourth Japanese-American financial combination to propose setting up a joint trust bank to handle Japan's lucrative pension fund business.

This movement poses a direct challenge to the traditional demarcation lines between trust and commercial banks in Japan, whereby the latter are not allowed to handle trust business. It also reflects a blurring of an even more fundamental distinction separating securities houses and banks.

So far the Japanese Ministry of Finance has not said whether it will permit the formation and operation in Japan of these new trust banks. Their prize may be a pension fund market currently worth about $50bn whose investments are now controlled, in a ratio of about 2-1, by existing trust banks and life insurance companies.

The U.S. government, as part of its policy of encouraging the opening up of the Japanese financial markets, has already publicly urged Japan to approve of the first of the four joint ventures, between Morgan Guaranty and Nomura Securities.

● Sperry, the U.S. computer and agricultural machinery maker, has asked to be delisted from the Tokyo Stock Exchange, AP-DAJ reports. The company said costs and the burden of paperwork required by law made the listing impractical. The delisting would leave only 10 foreign corporations quoted in Tokyo.

Simpson-Sears

SIMPSON-SEARS, a major national retail chain and the largest catalogue operation in Canada, earned C$34.5m (U.S.27.7m), or 40 cents a share in 1983, against C$26.6m, or 31 cents a year earlier, on sales of C$3.3bn, against C$3.1bn, reports Robert Gibbens

MAN still confident as orders fall

BY JOHN DAVIES IN FRANKFURT

MASCHINENFABRIK Augsburg-Nürnberg (MAN), the troubled West German truck maker and engineering concern, has reiterated its confidence that it is on the road to recovery after suffering a sharp setback in orders and plunging into a loss.

MAN said that although its order inflow was still lower than a year ago, the trend was improving.

Orders in the six months to the end of December were down 25 per cent, but including January the seven-months orders were just 15 per cent lower at DM 3.12bn.

Sales revenue in the six months to December rose 7 per cent to DM 2.94bn ($1.05bn).

At a shareholders' meeting in Augsburg, Herr Otto Voisard, the chief executive, voiced optimism that MAN would return to profitability in the 1984-85 financial year.

MAN made an operating loss of more than DM 300m in the financial year to last June and omitted a dividend.

Oerlikon—Buehrle omits payout

BY JOHN WICKS IN ZURICH

OERLIKON - BUEHRLE, the Swiss engineering and armaments group, is to omit a dividend for the 1983 business year. This follows a reduction of the dividend of Oerlikon-Buehrle Holding, the Zurich parent company, from 15 per cent to 10 per cent in 1981 and a further cut to 5 per cent in 1982.

In a letter to shareholders, the holding company warns that there will have been a "considerable net loss" last year. A loss had already been foreseen last September in a shareholders' letter, which had also indicated that there might be no dividend for 1983.

In the previous year, the group reported consolidated net profits of SwFr 9.5m ($4.25m) on turnover of SwFr 4.1bn, though it achieved this only after the drawing of SwFr 75m from reserves to offset development costs of the Adats guided missile system.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Equity confidence returns in wake of Wall St upturn
Long Gilts erratic after-hours following £1bn issue

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20
Feb 13	Feb 23	Feb 24	Mar 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Wall Street's late overnight rally gave London equity markets good reason to regain the confidence which had faltered over recent sessions and to close the first leg of the current trading Account strongly. Demand for leading shares was highly selective but UK institutional buyers and U.S. investors made their presence felt.

Blue chip industrials were raised at the outset and improved further, with a fair amount of excitement being generated by rumours that British Petroleum had made a major oil discovery off the Firth of Clyde. BP quickly denied the report, but equity investors were not put off and the firm tone continued. Several recent U.S. favourites, namely ICI, BOC and Hawker, figured prominently and the sharp gains in these stocks were extended when New York resumed its advance early yesterday.

The FT Industrial Ordinary share index, up 6.0 at 10 am, closed 8.3 higher on the day at 832.4 but still sustained a fall of 7.1 on the week, its first weekly decline since the middle of October.

Of the index constituents, BOC were supported by U.S. investors ahead of Tuesday's first-quarter figures, while TI continued to benefit from recovery hopes. Imperial Group attracted UK institutional interest in front of Thursday's preliminary statement.

Special situations provided more patches of colour, although company trading announcements remained on the thin side. Jewellery concerns were enlivened by H. Samuel's bid approach to James Walker; the latter, which have been buoyant of late on bid speculation, jumped 19 more to 140p with the non-voting shares closing 19 higher at 114p. Cecil Gee, which recently increased its stake in Walker to 14.5 per cent, rose 9 to 135p in sympathy.

A rising Gilt-edged market was rather shaken shortly after the 3.30 pm close by an unexpected change in Government funding tactics. A new loan had been anticipated but not a conventional medium/long stock, the first of its kind since October 1981. Tranches of existing stocks have been issued at various intervals since then, but not as recognised tap stocks. Yesterday's issue is of £1bn. Exchequer 9½ per cent 1998, payable £25 on application at a minimum tender price of £94.50.

When dealings recommenced after the usual 30 minutes' recess, longer-dated Gilts soon gave up the gains, extending to ½, achieved earlier in the session, but were tending to improve again late in the day. The shorts were overshadowed but retained a quietly firm undertone.

Life Insurances good

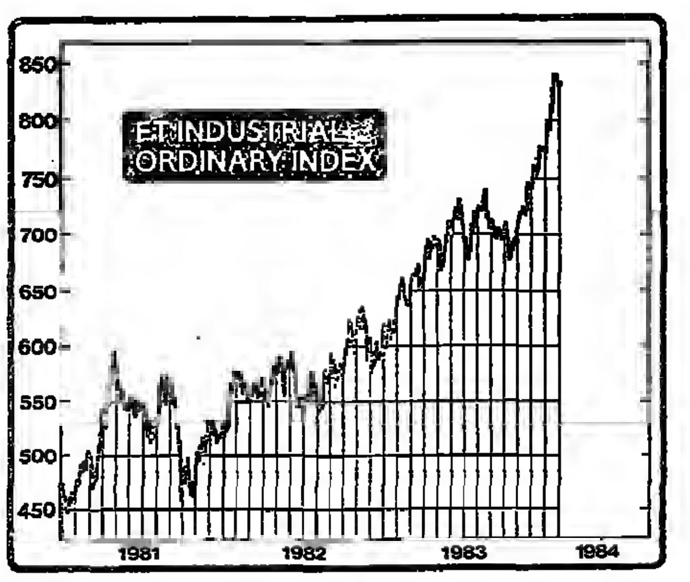
Life issues sprang into prominence following a reappraisal of last year's most successful new individual life and personal pension business for a decade because of Miras. In a market none-too-well supplied with stock Prudential, additionally aided by a chart "buy" signal, closed 20 higher at 520p. Legal and General closed similarly dearer at 870p. Pearl jumped 18 to 915p, and Britannic added 12 at 530p. Sun Life, 674p, and Legal and General, 578p, put on 11 and 10 respectively. Lloyds Brokers were featured once again by Hogg Robinson. Continuing hopes of a U.S. bid left the shares up 7 more and 10 higher on the week at 175p. C. E. Heath returned to favour at 370p, up 15, while Stewart Wrightson, at 327p, up 8, rallied from recent weakness caused by the agreed sale of its Galbraith Wrightson Shipping subsidiary to Samuel Montagu.

With the exception of Midland, which rallied 7 to 400p, clearing banks remained unsettled by Budget tax fears. Lloyds eased 4 more for a decline of 44 on the week to 563p. Elsewhere, Guinness Peat hardened 3 to 59p in belated response to ICC Chemi-Handelsgesellschaft's increased holding of nearly 10 per cent. Minster Assets remained buoyed by takeover hopes and closed 6 to the good at 149p.

Leading Breweries shrugged off slightly disappointing December beer production figures and closed with modest rises. Grand Metropolitan, 338p, and Allied-Lyons, 155p, both firmed 3, while Whitbread hardened a couple of pence to 145p. Regionals, on the other hand, lacked support and were marked lower in an attempt to establish a trading level; Vaux fell 7 to 216p, while Greene King finished a similar amount off at 216p. Belhaven provided an exception, rising 2 to 37p on confirmation that Mr Nazmu Virani is to be appointed managing director and chief executive.

Secondary issues continued to make the running in Buildings. Further demand in a market short of stock lifted John Laing 4 to 174p, while buying ahead of Tuesday's preliminary results left George Dew 3 dearer at 108p. Countryside hardened a couple of pence to 204p following an investment recommendation and Arcoliffe added 4 to 70p on country buying. Millbury continued to respond to favourable Press comment and put on 9 for a two-day gain of 17 to 85p. Jayplant gained the turn to 28p in reply to the increased interim profits and the Board's cheerful statement. Elsewhere, Travis and Arnold drew fresh support and rose 10 to 350p, while Walter Lawrence improved 6 more to 232p. London Brick closed 2 cheaper on balance at 155p, after 161p, awaiting Hanson Trust's next move in the takeover battle.

Reassuring comment drawing attention to the group's dividend payment potential helped ICI steady after the previous day's dullness and the close was 4 dearer on balance at 600p, after 604p. Other Chemicals also improved, Allied Colloids adding 5 to 315p and Laporte firming 4 to 384p. Croda hardened 3 to 107p on renewed speculative buying.



front of next Wednesday's preliminary figures.

Leading Electricals continued to shrug aside recent fears about a possible change in formula on profit margins for Government defence contracts. GEC edged up 6 further to 192p and Plessey a couple of pence more to 218p. STC were supported ahead of preliminary results, due shortly, and advanced 10 to 284p. Renewed demand lifted Cable and Wireless 16 to 328p, while Scan Data featured with a rise of 25 to 100p following a bid approach. Acquisition news left Oceonics 10 to the good at 295p.

Leading Engineers ended the week on an extremely firm note. TI encountered persistent demand and rose 12 to 214p, while Hawker were also well supported at 418p, up 10. Selective buying was shown for secondary issues. Baker Perkins rose 7 to 141p and Stothert and Pitt 6 to 130p, while B. Elliott gained 5 to 54p. Birmid Qualcast continued firmly at 65, up 1½p, following Press mention; the preliminary figures are due on February 15.

Jewellers feature

The James Walker/H. Samuel situation prompted another active business in other Jewellery concerns. Acsis stood out with a rise of 5 for a two-day gain of 10 to 35p. Earnest Jones firmed 4 more at 82p and Ratners hardened a couple of pence to 55p. Attention elsewhere in Stores centred on the more speculative counters. I. D. & S. Rivlin attracted fresh demand in the late trading and closed 6 up at 73p, while Mellins revived with a rise of 4 at 70p. Sumrie Clothes advanced 6 to 114p following the disclosure that Mr Harvey Michael Ross had sold 200,000 of his holding to Le Chevalerique of Monaco, lifting the latter's stake to 21.6 per cent. Superdrug, 253p, and W.W., 143p, rose 6 and 5 respectively, while Martin Ford, 2 better at 25p were wanted in

Demand for Foods remained selective with the emphasis on Kwik Save, 6 up at 170p and Dee 9 higher at 462p. Further buying ahead of the preliminary results, expected on February 14, lifted Bio-Isolates 10 for a two-day gain of 27 to 110p. Bensons Crisps continued to reflect recent acquisition news and advanced 20 more to 140p, while Bernard Matthews firmed 9 to 174p.

Hotels and Caterers displayed a couple of firm features. Norfolk Capital put on 4 to 47p, after 48p, on news that Kennedy Brookes had acquired a 8.99 per cent stake in the company. Stakis, a rising market recently, gained 7 more to 110p on talk that Arthur Guinness might bid for the company.

BOC improve

Miscellaneous industrial leaders ran into occasional buying interest. BOC continued higher awaiting Tuesday's quarterly figures and closed 6 dearer at 307p. Bowater opened higher reflecting demand late the previous evening and progressed further to close 7 up at 285p. BTR put on 10 to 431p and Glaxo 15 to 753p. Elsewhere, Broken Hill Proprietary featured with a rise of 33 to 915p following the good interim figures and proposed rights issue. Favourable Press mention left Rolfe and Nolan 10 to the good at 178p, after 175p, while J. and J. Dyson improved 4 to 82p on the first-half profits recovery. Applied Computer, a particularly strong market over the past week or so following a visit by analysts, encountered profit-taking and gave up 13 at 620p. Dealings resumed in Downs Surgical, at 47p, compared with the suspension price of 38½p following the cash bid of 48p per share from Smith Industries. London and Liverpool rallied 1½ further to 20p, while revived demand lifted Conkson 6 to 291p and S. Pearson 9 to 445p. Pilkington Brns, in contrast, eased 5 to 265p following a Press article highlighting the current competition in the glass making industry. UKO, which announced promotional talks with Mr Asil Nadir earlier in the week, edged up 4 to 158p.

LWT's proposed enfranchisement of the A ordinary non-voting shares to create a single class of voting equity lifted the A shares 10 to 226p and produced sympathetic gains in other television stocks. TVS non-voting put on 8 to 110p, Anglia A 5 to 179p and Scottish TV A 4 to 134p. By contrast, cable TV concern Select TV shed 3 to 26p following the bigger half-year loss.

Phntax (London) gained 5 to 50p in a restricted market, but Pavilion Leisure were sensitive to small offerings and shed 5 to 50p. Aspinall Holdings continued its revival and gained 10 more to 145p. Nimslo added 6 to 38p; the company is proposing to distribute to shareholders shares in its Connecticut-based subsidiary, Nimslo Professional Products Inc.

The Government's decision to set up six freeports stimulated selective demand for Shippings. Mersey Docks rose 6 for a two-day advance of 11 to 56p, while Associated British Ports, which heads the consortium to run Southampton freeport, improved 9 for a two-day rise of 22 to 278p. Elsewhere, Graig, 580p, and Turnbull Scott, 410p, rose 20 apiece with the latter additionally helped by "call" option business. Ocean Transport gained 4 to 118p and revived speculative support lifted Milford Docks 7 to 51p.

Courtaulds closed the week on a firm note, rising 3 to 145p. In contrast, Harold Ingram met renewed profit-taking and dipped to 396p before closing 32 lower on balance at 403p.

An active business developed in Tobaccos. Bats fell to 187p following the closure of its direct sales and distribution network in the UK, but rallied to finish only a net penny off at 190p. Imps were again wanted in front of next Thursday's preliminary results and touched a new 1983-1984 high of 162p before settling a net 3 up at 159p.

BP below best

BP opened higher at 443p amid speculation that the company had made a major oil find in the Firth of Clyde; however, an official denial of the rumour saw the shares retreat to close only 3 higher on balance at 438p. Britoil were an active and firm market in initial dealings and rose to 236p, but news that the company's exploration well 12/21-3 had been abandoned left the shares only 2 firmer on balance at 227p. Other leading domestic oils closed below the day's best levels but generally managed to post modest net gains. LASMO, awaiting news from the appraisal well on the Tiffany structure, put on 5 to 333p while Shell closed 3 up at 648p, after 650p. The Humbly Grove participants remained a firm market, Carless Capel closing 3 to the good at 238p, Marinex 5 up at a 1983-84 high of 110p and Hadson Petroleum 2 harder at 80p. Weeks Petroleum Bermuda-registered stock fell 8 to 463p but retained a week's gain of 87 following the Bell Group's acquisition on Tuesday of a 25 per cent stake in the company. Weeks Petroleum Australian-registered scrip gave up 15 to 455p but Weeks Australia, controlled by Weeks Petroleum, rose 6 more to a year's high of 135p—a rise of 20 over the five-day period. Irish exploration issue fell sharply in late trading with Atlantic Resources finally a net 22 off at 583p, after 618p, and Bula 4 down at 26p.

RTZ advance

South African Golds closed with widespread gains for the eighth successive trading day, but generally took a back seat in mining markets as attention switched to Financials and Australians.

Financials provided a firm feature in RTZ, up a net 24 at a 1983-84 high of 687p on rumoured American buying plus the sharp rise in Australia associate CRA. The latter jumped 18 to 378p boosted by excellent results from Comalco.

Elsewhere in Financials, Gold Fields remained a strong market and put on 7 more to 570p helped by the continued strength of the bullion price which touched $389.25 prior to closing a net $1.25 firmer at $384.125 an ounce—a week's gain of $14.75.

South Africans showed "Johnnies" £5 higher at £90 owing to persistent Johannesburg buying interest, while "Amgold" put on £1¾ to £40½ and Transvaal Consolidated Land £1¼ to £25½. A firm Platinums sector was featured by Rustenburg, 20 to the good at 795p. The antimony/gold producer Consolidated Murchison rose 15 to 522p.

Recently, strong South African Golds were marked up at the outset, reflecting overnight gains in the U.S., but attracted persistent Cape and London profit-taking thereafter. Trading in the afternoon was on a modest scale owing to easier bullion but prices edged a fraction higher late on light U.S. support.

Consequently, closing levels were a shade above Thursday's closes and the FT Gold Mines index showed a further 2.2 gain at 597.7, for a rise of 66.2 on the five-day period.

Australians continued their recent revival led by Golds and the leading diversified mining groups. Among the latter, Peko-Wallsend advanced 18 to 386p, while gains of 6 were common to Western Mining, at a 1983-84 high of 286p, and Bougainville and MIM at 173p and 228p respectively.

Leading and speculative Golds provided a host of firm features, especially the latter where Otter Exploration moved up 5½ to 41½p and Sons of Gwalia 8 to 45p. Metana Minerals jumped 13 to a 1983-84 peak of 168p and Southern Resources 5 to a year's best of 133p. Recent favourite Whim Creek rose 8 more to a high of 226p, while further consideration of the recent encouraging drilling results at the Temora gold prospect took Seltrust up 5 to 82p.

Traded Options finished the week on a bright note with business well-distributed among the stocks in issue. Total contracts amounted to 3,596—2,812 calls and 784 puts. The week's daily average was 4,265. ICI were particularly active in recording 770 calls ahead of the preliminary results scheduled for February 23; the April 650 calls accounted for 446 trades and rose 3 to 8p. Lonrho and Racal recorded 468 and 356 calls respectively with the latter's February 220's accounting for 207. Investors' interest was maintained among mining stocks with RTZ attracting 125 calls and 80 puts reflecting rumours of strong U.S. buying, the February 700 calls closed 10 up at 18p.

FINANCIAL TIMES STOCK INDICES

	Feb. 3	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 27	year ago
Government Secs	83.21	83.06	82.96	83.02	83.08	82.76	77.48
Fixed Interest	87.26	87.17	87.11	87.41	87.47	87.43	79.72
Industrial Ord.	832.4	824.1	829.2	831.4	832.2	832.5	644.0
Gold Mines	597.7	595.5	570.2	543.8	534.3	531.5	668.5
Ord. Div. Yield	4.35	4.39	4.37	4.35	4.34	4.31	4.78
Earnings, Yld.% (full)	8.16	9.26	9.23	9.20	9.17	9.10	10.20
P/E Ratio (net) (*)	13.36	13.21	13.24	13.28	13.32	13.46	11.78
Total bargains	28,008	26,813	27,002	28,502	32,010	28,722	27,440
Equity turnover £m.	—	363.73	348.79	311.60	340.94	400.93	269.55
Equity bargains	—	21,808	22,709	23,669	28,604	28,811	26,214
Shares traded (ml)	—	168.5	167.6	174.2	205.5	259.0	185.8

10 am 831.0 | 11 am 830.5 | Noon 830.7 | 1 pm 832.0 | 2 pm 832.2 | 3 pm 832.8

Basis 100 Govt. Secs. 2/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.
Latest Index 01-246 8026
*Nil=12.63

HIGHS AND LOWS

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (5/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.47 (30/1/84)	72.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	840.5 (25/1/84)	598.4 (12/1/83)	840.5 (25/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.9 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 2	Feb. 1
—Daily		
Gilt Edged Bargains	158.5	141.7
Equities Bargains	141.3	147.1
Value	735.2	705.0
5-day Average		
Gilt Edged Bargains	156.3	155.5
Equities Bargains	162.8	171.0
Value	715.3	739.0

LEADERS AND LAGGARDS

Percentage changes since December 30, 1983, based on Thursday, February 2, 1984.

Office Equipment	+23.40
Textiles	+12.91
Overseas Traders	+12.81
Mining Finance	+12.10
Newspapers, Publishing	+11.58
Mechanical Engineering	+11.11
Packaging and Paper	+10.57
Oils	+10.51
Metals and Metal Forming	+10.45
Discount Houses	+9.49
Motors	+9.29
Contracting, Construction	+9.01
Shipping and Transport	+7.77
Insurance (Life)	+7.33
Building Materials	+6.88
Tobaccos	+6.86
Banks	+6.82
Food Manufacturing	+6.37
Brewers and Distillers	+6.00
Electricals	+5.93
Investment Trusts	+5.64
500 Share Index	+5.61
All-Share Index	+5.60
Capital Goods	+5.36
Health and H'sehold Products	+4.96
Consumer Group	+4.78
Industrial Group	+4.67
Other Consumer	+4.58
Leisure	+4.46
Financial Group	+4.34
Insurance (Composite)	+3.56
Other Industrial Materials	+3.54
Gold Mines Index	+3.44
Food Retailing	+3.39
Insurance Brokers	+2.28
Electronics	+1.51
Other Groups	+1.29
Stores	+1.18
Property	+0.92
Merchant Banks	−0.12
Chemicals	−2.77

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 6	Feb 17	May 10	May 21
Feb 20	Mar 2	May 31	June 11
Mar 5	Mar 16	June 14	June 25

For rate indications see end of Share Information Service

Call options were arranged in Grootvlei, Lofs, Barrie Investment and Finance, Premier Oil, Bryant, George Spencer, Eagle Corporation, York Resources, Aran Energy, Bristol Oil and Minerals, Edward Jones, UKO, Style, Centennial Minerals, ICI, Hampton Trust, Donald Macpherson, Brunswick Oil, Bio-Isolates, W. E. Norton, Armstrong Equipment, Immediate Business Systems, Turnbull Scott, Hanson Trust, Samantha and Hongkong Land. Puts were taken out in Premier Oil and Bio-Isolates, while doubles were transacted in Hogg Robinson and London and Liverpool.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (136)
BRITISH FUNDS (10)
INT BANK & O'SEAS STLG ISSUES (1)
CORPORATION LOANS (2)
AMERICANS (1)
BANKS (2)
BUILDINGS (7)
CHEMICALS (1)
STORES (11)
ELECTRICALS (6)
ENGINEERING (15)
FOODS (2)
INDUSTRIALS (19)
INSURANCE (9)
LEISURE (7)
MOTORS (1)
NEWSPAPERS (2)
PAPER (2)
PROPERTY (6)
SHIPPING (1)
TOBACCOS (1)
TRUSTS (18)
OILS (4)
PLANTATIONS (1)
MINES (8)

NEW LOWS (8)
BRITISH FUNDS (1)
Treasury 2½pc Ind. 2011
BUILDINGS (1)
Crouch Group
STORES (1)
De Brett (Andre)
ELECTRICALS (1)
Immed. Bus. Systems
INDUSTRIALS (1)
Coin Inds.
LEISURE (2)
Adam Leisure
Select TV
SHIPPING (1)
Lyle Shipping

RECENT ISSUES
EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§58	F.P.	2/3	80	73	✻Assoc. Energy Ser. 5p	75	+2	b1.0	3.9	1.9	18.4
¶435	F.P.	10/2	468	393	Brit. Petroleum	445	+5	20.25	1.9	6.5	12.4
¶275	100	2/3	143	96	Cable & Wireless 50p	143	+6	he.47	3.5	5.5	6.2
‖ ‖	F.P.	—	95	88	✻Circaprint Hldgs 10p	90	+2	u0.7	7.7	1.1	12.5
‖ ‖	F.P.	—	222	216	✻Gibbs Mew	212	—	4.55	1.6	3.1	28.1
§91	F.P.	24/2	98	94	✻Grosvenor Sq. Pp. 10p	97	—	b5.0	2.3	7.4	7.2
92	F.P.	31/1	28	90	Honara 10p	25	−1	b2.8	2.6	4.2	12.2
§137	F.P.	5/1	148	138	✻High-Point Serv. 10p	140	+2	u3.0	3.4	5.1	11.1
§125	F.P.	25/1	240	212	✻Moray F. Malt'gs 50p	227	—	b7.0	2.7	4.4	9.3
§53	F.P.	—	42½	34	Palma Group	40½	−½	ud2.0	0.8	7.1	27.7
¶ ¶	F.P.	—	74	60	Stockley 10p	71	—	—	—	—	—
100	F.P.	27/1	95	85	✻Synterials 10p	22	—	—	—	—	—
§105	F.P.	—	114	111	✻Unibond	112	—	b2.8	2.2	3.6	18.0
¶130	F.P.	17/2	177	131	V G Instruments 10p	168	—	b14	5.6	1.2	21.5
§110	F.P.	2/3	166	140	✻Valin Pollen Int'l. 5p	155	—	1.6	3.1	1.5	31.6
§10	F.P.	31/1	19	16	✻Welpac 10p	12	—	bg0.2	4.1	1.6	18.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
* *	F.P.	—	135	120	Allied Textile 10% Cnv. Uns. Ln. 1993	130	—
¶ ¶	F.P.	—	106	106	Atlanta Inv. Tst. 7% Cnv. Red. Cum. Prf.	106	—
¶ ¶	F.P.	—	102¼	101	BAT Inds. 12¼% Uns. Ln. 2003/08	102¼	+½
¶ ¶	F.P.	—	99¾	98½	Do. Fltg. Rate Cap. Nts. 1986/90	99¾	—
92.15	£25	22/3	27	24¾	Elf (U.K.) 12¼% Uns. Ln. '91	27	+¾
99.714	£30	25/4	33⅜	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	32½	+¼
100	F.P.	—	100½	92	Kensington & Chelsea 11.15% Red. 2008	100¼	+¼
‖	£30	10/11	48	30½	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II.	44	−1
§98.711	£25	15/6	22⅛	24½	MEPC 10¾pc 1st. Mort. Deb. 2024	25⅛	+⅛
—	F.P.	—	100⅛	100	Nationwide 10¼% Bds. 28/1/85	100⅛	—
¶ ¶	F.P.	—	30p	38½p	Palma Group 3½% Cum. Prf. £1	30p	—
99.44	£25	13/4	27¾	25¼	Quoo ns Moat 12% 1st Mort. Deb. 2015	27⅛	+⅛
100	F.P.	—	99¾	99⅝	Roch dale Met. Bor. 11.10% Red. 2008	99¾	—
¶ ¶	F.P.	30/3	102½	101¾	Slough Ests. 12⅜% Uns. Ln. 2009	102¼	−¼
99.893	£30	21/3	32	28¾	Spain 12% Ln. 1988	32	—

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
300	Nil	17/2	436	400	Carlton Communications 5p	425	—
92	F.P.	10/2	152	113	Charterhouse Pet.	146	−1
R28.30	Nil	17/3	409	160	East Dagga Linked Units	398	−16
120	F.P.	3/2	208	196	Ellis & Everard	204	—
32	F.P.	24/2	47	35	Herman Smith 10p	43	—
32	F.P.	6/2	37	34½	Jones (Edward) 10p	37	—
30	F.P.	9/3	58	49	Meggitt 5p	51	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Allotment letters (or fully-paid). ✻ Introduction. ✻ Unlisted Securities Market. § Placing price.

RISES AND FALLS YESTERDAY—

	Rises	Falls	Same	Rises	Falls	Same
British Funds	74	8	23	252	72	187
Corpns, Dom and Foreign Bonds	19	1	59	66	17	303
Industrials	343	210	855	1,525	1,499	4,018
Financial and Props	141	62	319	545	541	1,524
Oils	39	24	68	173	143	289
Plantations	2	2	12	24	17	59
Mines	83	28	60	415	100	340
Others	44	66	61	232	340	292
Totals	744	399	1,451	3,232	2,729	7,012

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BAT Inds.	190	−1	Mersey Docks	56	+6
BP	438	+3	RTZ	687	+24
Hawker-Siddeley	418	+10	Samuel (H.) "A"	136	+1
Hogg Robinson	175	+7	Stakis	110	+7
ICI	600	+4	TI	214	+12
London Brick	155	−2	Walker (Jas.) N/V	114	+19

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Fobel Intn'l	20	118	+25	Ferranti	15	669	+18
Barclays Bank	18	527	−21	ICI	15	596	−16
Midland Bank	17	393	−20	Lloyds Bank	15	567	−23
Saatchi Saatchi	17	590	+18	NatWest Bank	16	727	−12
Std Tel Cables	17	274	+10	Logica	14	340	+25
Racal Elects.	16	198	+2	GEC	13	186	+2
BTR	15	421	+4	Plessey	13	218	+1

4-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
UKO Intn'l	147	154	+32	Rank Org.	82	238	+14
Phoenix Assur.	101	432	−3	BTR	80	421	−9
Strong & Fehr.	89	213	−2	GKN	80	301	−4
ICI	86	596	−34	Ingram (H.)	80	435	+77
GEC	85	186xd	−2	RTZ	80	663	+2
I. C. Gas	85	275	−11	Cns. Gld. Flds.	77	563	+51
LASMO	85	328	−2	*Tricentrol*	77	208	−4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Feb 3 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs Feb 2 Index No.	Wed Feb 1 Index No.	Tues Jan 31 Index No.	Mon Jan 30 Index No.	Year ago (approx.) Index No.	1983-84 High	1983-84 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (205)	497.29	+1.1	8.54	3.58	15.16	491.83	489.92	489.76	492.99	426.21	498.27 (31/1/84)	413.64 (27/1/83)	498.27 (31/1/84)	50.71 (13/12/74)
2 Building Materials (25)	477.68	−0.2	10.73	4.47	11.60	473.82	477.83	476.94	478.34	429.39	478.34 (30/1/84)	402.34 (3/1/83)	478.34 (30/1/84)	44.27 (11/12/74)
3 Contracting, Construction (32)	745.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (25)	1743.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (24)	1706.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (69)	257.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	193.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	136.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (19)	635.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (195)	486.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	469.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	391.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	1094.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	756.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	647.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	1217.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	244.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (45)	435.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	282.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	555.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (8)	475.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (83)	458.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (16)	615.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (5)	134.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (14)	870.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (48)	572.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (484)	498.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (16)	1051.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	525.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (121)	387.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	390.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (8)	311.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	557.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	259.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	673.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	204.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (53)	583.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (18)	277.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (107)	511.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	321.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (15)	565.83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (747)	490.51	+0.7	—	4.36	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Fri Feb 3	Day's change %	Thurs Feb 2	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	118.40	+0.13	118.24	—	1.17
2 5-15 years	131.54	+0.27	131.29	—	1.49
3 Over 15 years	142.28	+0.37	141.75	—	2.17
4 Irredeemables	153.49	+0.33	152.99	—	[illegible]
5 All Stocks	130.54	+0.25	130.21	—	1.51
6 Debentures and Loans	108.81	+0.14	108.66	—	0.28
7 Preference	82.27	+0.40	81.95	—	0.31

AVERAGE GROSS REDEMPTION YIELDS	Fri Feb 3	Thurs Feb 2	Year ago (approx.)	1983-84 High	1983-84 Low
British Government					
1 Low Coupons 5 years	9.69	9.71	9.82	[illegible]	[illegible]
2 15 years	10.06	10.08	10.02	[illegible]	[illegible]
3 25 years	9.67	9.70	10.09	[illegible]	[illegible]
4 Medium Coupons 5 years	10.90	10.95	11.75	[illegible]	[illegible]
5 15 years	10.64	10.67	11.96	[illegible]	[illegible]
6 25 years	10.35	10.37	11.46	[illegible]	[illegible]
7 High Coupons 5 years	11.07	11.09	11.95	[illegible]	[illegible]
8 15 years	10.93	10.97	11.53	[illegible]	[illegible]
9 25 years	10.80	10.84	11.10	[illegible]	[illegible]
10 Irredeemables†	9.65	9.68	11.01	[illegible]	[illegible]
11 Debs & Loans 5 years	11.53	11.56	12.75	[illegible]	[illegible]
12 15 years	11.53	11.59	12.53	[illegible]	[illegible]
13 25 years	11.53	11.59	12.38	[illegible]	[illegible]
14 Preference	12.07	12.13	13.15	[illegible]	[illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGE: Allied London Properties (69) has been deleted and not replaced.

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Vanbrugh Life Assurance
41-43 Maddox St., Ldn. W1R 9LA 01-499 4923

Managed Fd.	298.5	314.3	+0.2	—
Equity Fd.	537.1	510.7	+0.4	—
Intl. Fd.	221.4	236.3	-0.5	—
Fixed Int. Fd.	257.9	220.6	+0.8	—
Prop. Fd.	213.5	225.5	.....	—
Cash Fd.	179.5	198.9	.....	—

Vanbrugh Pension Limited
41-43, Maddox St., Ldn., W1R 9LA 01-499 4923

Managed	253.3	266.7	+0.5	—
Equity	325.7	342.9	+0.5	—
Global Equity	116.0	122.5	+0.1	—
Fixed Interest	223.3	235.2	+0.7	—
Property	172.3	200.5	.....	—
Index Linked Gilt	105.3	110.9	-0.1	—
Guaranteed	3.93	—	.....	—
International Money	120.1	126.5	-0.2	—

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	165.5	174.2	.....	—
Accum. Pen. Units	291.2	306.6	.....	—
Flex. Inv. Growth	162.5	171.1	.....	—

Continued on adjacent Page Mon-Fri and Stock Exchange dealings Page Sat.

OFFSHORE AND OVERSEAS

AdiG Investment
Postfach 708, 8000 Munich 1, Telex 524269

Adirenta	DM22.26	22.93	+0.09	—
Adiverba	DM79.41	83.30	-0.09	—
Fondak	DM39.63	41.61	-0.05	—
Fondis	DM35.07	36.82	-0.17	—

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 79933

Albany $ Fd. (CI)	$230.58	245.94	.....	1.59

Next dealing February 10.

For Allen Harvey & Ross see Cater Allen. Alliance International Dollar Reserves now Alliance Capital Management International. See adjacent Page Mon-Fri and Stock Exchange dealings Page Sat.

Andover Futures Ltd. (Adv: Tyndall)
c/o MIL: Bank of Bermuda 809-295 4000

NAV Sept 30		571.25	.....	—

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P.O. Box 428, St. Helier, Jersey. 0534 76077

Dollar Income Tst (z)	$1.014	1.062	+0.001	11.30

[illegible]

Westlion Secs (Guernsey) Ltd
PO Box 304, St Peter Port, Guernsey 0481 27963

Gilt & Option Fd	£1.18	1.25	.....	2.50
US $ Option	$1.05	1.12	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.88		+0.04	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	24.0	25.0	+1.9	—
Chinese Fund	62.6	65.3	.....	—
Precious Metal Fund	126.5	131.7	+5.0	—
Vanguard Cmdy. Fd.	34.5	35.5	+0.4	—
Financial Futures Fd.	61.2	63.7	.....	—
Wren Intl. Fnd.*	50.623	0.658	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ⊕ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
104½	100⅜	Exchequer 14pc. 1984	101⅛	−⅛	13.82	9.27
97⅜	92½	Exch. 3pc 1984	97⅞	−⅛	3.07	9.28
102⅝	100⅜	Treasury 12pc 1984	101⅞	+⅛	11.82	9.34
107⅝	104⅜	Treasury 15pc 1985	105⅞	.....	14.24	9.43
107	101⅛	Exch. 12pc Cnv. '85	102½	−⅛	11.71	9.57
94⅛	88⅝	Treasury 3pc 1985	94⅛	.....	3.18	9.71
102½	99⅛	Treasury 11½pc 1985	102⅛	.....	11.23	9.60
102	95	Treas 8¼pc Cnv '85	99⅛	+⅛	8.32	9.32
103⅛	100⅛	Exch. 12¼pc 1985	103⅛	+⅛	11.84	10.05
102⅜	99⅜	Exch. 11½pc '86	102⅜xd	+⅛	11.41	10.13
102⅛	97⅛	Treas 10pc Cnv 1986	101⅛	+⅛	9.87	9.25
89⅛	85⅝	Treasury 3pc 1986	89⅛	.....	3.36	8.22
101⅜	97⅜	Exch. 10½pc Cv '86	101⅛	+⅛	10.37	9.55
103⅜	100⅛	Treasury 12pc '86	103⅛	+⅛	11.63	10.40
99⅛	94⅛	Treasury 8¾pc '84-86‡‡	99⅛	.....	8.65	9.32
109⅛	105⅛	Exch. 14pc 1986	107⅛	+⅛	13.00	10.63
86⅛	84⅛	Exch 2½pc 1986	86⅛	.....	2.90	6.14
107⅛	103⅝	Exch. 13¼pc 1987	106⅛	−⅛	12.45	10.66
100⅛	95⅛	Treas 10¼pc Cnv '87	99⅝xd	+⅛	10.29	10.39
85⅛	80⅛	Exchequer 2½pc 1987	85⅛xd	+⅛	2.93	8.05
100⅛	95⅛	Exch. 10½pc 1987	99⅛xd	+⅛	10.53	10.59
93⅛	88⅛	Funding 6½pc '85-87‡‡	92⅛	+⅛	7.06	9.57
98⅛	95	Treas 10pc 1987	98⅛	+⅛	10.19	10.62
86	80⅛	Treasury 3pc 1987	83⅛	+⅛	3.58	8.53
104⅛	99⅛	Treas 12pc 1987	105⅛	+⅛	11.59	10.78
159	89⅛	Treasury 7¾pc '85-88‡‡	94⅛	.....	8.22	9.47
101½	95⅛	Exch 10½pc '88	99⅛	+⅛	10.56	10.65
93⅛	95⅛	Treas 9¾pc Conv '88	97⅛	+⅛	10.01	10.47
81⅛	75⅛	Transport 3pc '78-88	81½	−⅛	7.60	8.03
96⅛	90⅛	Treas. 9½pc '88	95⅛	+⅛	9.26	10.75

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY—Continued

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

هكذا من الأصل

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

LEISURE

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

MINES—continued

Australians

Tins

Miscellaneous

93	48	♥Anglo Utd. Dev.	52	......	—	—	—
400	180	♥Centenial Mnrls	310	+5	—	—	—
175	60	♥Colby Res Corp.	160	......	—	—	—
850	315	Cons. Murch. 10c.	822	+15	100c	♦	7.1
£17½	£10⅝	Eastern Trans Cons 50c	£16½	+⅛	085c	4.9	2.6
240	170	Hampton Areas 10p	225	−2	3.75	2.1	2.2
215	103	♥Highwood Res	200	......	—	—	—
£24½	£17½	Homestake Mining $1	£22¾xd	+¼	£20c	—	0.7
495	275	Northgate C$1	315	+5	—	—	—
687	437	R.T.Z.	687	+24	t17.0	2.9	3.5
£148½	£108	Do.9%Cv.Ln.'95-2000	£145	−3½	Q9½%	32.5	f66.5
190	13	♥Sabina Inds C$1	90	......	—	—	—
£11½	312	♥Tara Expln $1	£11	−¼	—	—	—

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1964. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xtt ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	72	......	Fin. 13% 97/02	£97¼	+¼
Bdg'wtr. Est. 50p	330	......	Alliance Gas	85	......
Craig & Rose £1	900	......	Arnott	217	......
Finlay Pkg. 5p	46	......	CPI Hldgs.	87	......
Higsons Brew.	82	......	Carroll Inds.	120	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	65	......
I.O.M. Stm. £1	124xd	......	Heiton Hldgs.	27	......
			Irish Ropes	52	......
IRISH			Jacob (W. & R.)	67	......
Exch. 12% 1985	£99	......	T.M.G.	70	......
Nat 9¾% 84/89	£86½	......	Unidare	77	......

For Concrete Prods. see CPI

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp.	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	26
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr.	20	**Oils**	
Burton Ord.	38	Midland Bank	42	Bristol Oil & Min.	6
Cadburys	11	N.E.I.	10	Brit. Petroleum	35
Courtaulds	11	Nat. West. Bank	55	Burmah Oil	16
Debenhams	14	P & O Dfd.	22	Charterhall	8
Distillers	20	Plessey	20	Premier	3
Dunlop	3	Racal Elect.	18	Shell	50
Eagle Star	60	R.H.M.	7	Tricentrol	20
F.N.F.C.	6½	Rank Org. Ord.	19	Ultramar	60
Gen. Accident	42	Reed Intnl.	34		
Gen. Electric	17	Sears	9	**Mines**	
Glaxo	75	T.I.	14	Charter Cons.	22
Grand Met.	30	Tesco	16	Cons. Gold	50
G.U.S. 'A'	55	Thorn EMI	55	Lonrho	0
Guardian	45	Trusthouse	16	Rio T. Zinc	58
G.K.N.	16	Turner & Newall	8		
Hawker Sidd.	32	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

MAN IN THE NEWS

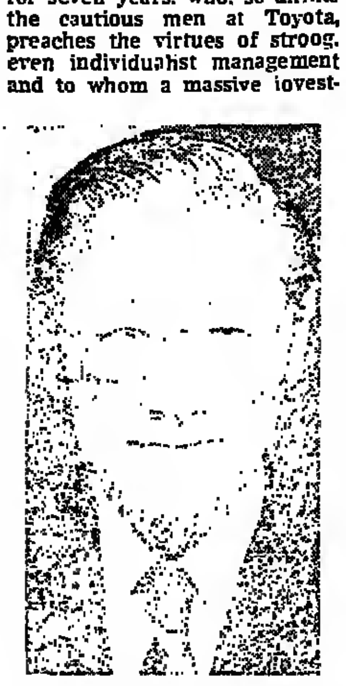
Settling for half a loaf

BY JUREK MARTIN

TEN DAYS AGO, the full management might of Toyota staged its annual Press conference for foreign correspondents in Tokyo. For an hour, the impassive front that is a company trademark remained unbroken. Half in desperation, half in hope, the FT posed a question: "If you were Nissan, would you invest in Britain?" To a man, Toyota's top brass collapsed into uncharacteristic laughter.

The smiles in London and Tokyo this week were somewhat bleak as Nissan finally got round to announcing what it planned to do in Britain; and surely no one's smile could have been more forced than that on the face of Mr Takashi Ishihara, Nissan's president.

The reason is simple: the blunt, quondam rugger forward, 73-year-old who has run Nissan for seven years, who, so unlike the cautious men at Toyota, preaches the virtues of strong, even individualist management and to whom a massive investment in Britain had almost an article of faith, had found himself settling for half a loaf.



Takashi Ishihara President of Nissan

The contrast with other Ishihara-engineered foreign collaborations in the last four years—with Alfa Romeo in Italy, Motor Iberica in Spain and for the production by Nissan in Japan of Volkswagen cars—could hardly be more stark. This last deal was hammered out by Ishihara and Toni Schmucker, the VW chief, in just three days; it took Nissan three years to bring the British project to even limited resolution.

Yet the stamp Ishihara has put on Nissan and on the Japanese car industry at large as its most public and forceful spokesman is considerable. He divined the need, political as well as commercial, for production bases overseas ahead of most of his peers, except perhaps Honda's recently retired president, Kiyoshi Kawashima.

Not surprisingly, Ishihara is a graduate of Tokyo University's law school, from which so many Japanese government and corporate leaders are drawn. The first half of his lifetime career with Nissan was spent as an accountant, but he took over Nissan's foreign operations in 1957 and its U.S. sales arm in 1960, at a time, as he likes to recall, when some American dealers were so desperate that they used to advertise Datsun cars as being made in Germany.

There is an old Japanese saying that the nail which sticks up must be hammered down. This truism seems to have particular force when a Japanese makes his mark, by individualistic methods, in foreign climes. Thus the current problems of Sony and its pioneering internationalist leader, Akio Morita, exemplified by this week's rumbunctious 13-hour shareholders' meeting, have evoked an intriguing "it's about time" satisfaction in Japan; the country's outward-looking Prime Minister Mr Yasuhiro Nakasone, got a similar sort of come-uppance in last December's general election.

Now, the redoubtable Ishihara seems to be the victim of the same syndrome. This was succinctly expressed recently by Mr Katsuji Kawamata, now Nissan's chairman and its former president, who had this to say about his successor: "with too sharp a razor, it's hard to make a clean straight cut. Anyone heading a big organisation like Nissan must listen carefully to what those under him are saying, often acquiescing to dissident views. I have doubts about letting one's personality take over too much."

Mr Ishihara may not have acquiesced all the way, but he certainly did what does not come naturally to him: he compromised, for him no laughing matter.

Overtime ban blamed for closure of Scottish pit

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE National Coal Board is to close the Bogside Colliery on the north bank of the Firth of Forth. The colliery employs 850 miners.

The NCB said yesterday that the move was a result of the miners' overtime ban, now in its fourteenth week. Essential maintenance work had not been carried out.

The pit is the first direct casualty of the overtime ban, although the closure was announced 10 days ago of another Scottish pit, Polmaise Colliery near Stirling, because of geological faults.

Mr Albert Wheeler, Scottish area director of the Coal Board, said serious flooding and gassing at Bogside led to the decision to close production.

Seven hundred of the miners are to be offered jobs at other pits. Those over 50 will be offered early retirement. The board said 150 men would be retained for salvage operations.

Mr Wheeler said: "A serious situation arose last Friday when the colliery was effectively abandoned by the workforce. A number of men occupied the surface building and prevented access to the pit."

Only in the face of closure did the men decide to give safety cover. Half the colliery is submerged in water and an assessment has shown that the cost of recovering the area would be prohibitive, Mr Wheeler said.

The National Union of Mineworkers claimed that an agreement with the British Association of Colliery Managers, which is not taking part in the overtime ban, had covered potential emergencies.

Because of the flood danger in many Scottish pits, so-called emergency cover has been provided during the overtime ban.

However, Scotland recently appears to have been hit more by industrial action than other areas of the country. At one point last week 3,700 of the 12,000 Scottish miners were either laid off or on strike.

Mr Mick McGahey, the miners' union Scottish president, said that during the three months of salvage work ahead the union would press for the mine to be kept open.

A campaign has already been announced by the Scottish NUM to prevent the Polmaise closure.

The overtime ban was imposed on October 30 in protest against a 5.2 per cent pay offer and against what the union sees as a continuing programme of pit closures.

By the end of last week, the coal board said, miners had lost about £47m in wages because of the ban while the loss of coal production was put at 4.75m tonnes. At a market price of about £38 a tonne, this represents a gross loss of revenue of more than £180m.

Market steadies after new tap

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT pushed forward an aggressive funding campaign yesterday with the announcement of a £1bn of 1998 tap stock, the first in the medium-to-long end of the market since October 1981.

The 9¾ per cent Exchequer stock is to be sold by tender with a minimum price of £94.5, which is about ½ a point cheaper than the ruling prices in that part of the market. The yield at the minimum tender price would be 10.51 per cent.

The size and price of the tap was taken by some analysts to indicate that the Government intended to press ahead strongly with its funding in an effort to bring the growth of the money supply comfortably back within its target range before the Budget.

Initially the gilts market reacted unfavourably, with earlier gains of about ½ point reversed after the announcement. However, the market steadied later and, as the news was digested, prices moved slightly higher again.

The City expects the Government to sell some £1½bn more in gilt edged stock and national savings certificates in this financial year than it will need to cover the Public Sector Borrowing Requirement, at present expected to be about £10bn in 1983-84.

The recent vigour of the funding effort may indicate that the Treasury now takes more seriously indications that private-sector credit may be expanding at an accelerating rate.

In recent months a high rate of bank lending and an unexpectedly rapid increase in Government expenditure has put strong upward pressure on the money supply, which is now at the top of its target range of annual growth of between 7 and 11 per cent.

Tenders for the new tap must be lodged with the Bank of England by Wednesday, with 25 per cent payable on tender, 40 per cent on March 19 and the balance on April 16.

Murray backs wages and jobs trade-off

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR LEN MURRAY, the TUC general secretary, yesterday gave a vital signal of changing union attitudes on pay by conceding that shorter working time, leading to increased employment, would have to be paid for by lower wage increases.

Unions were asking for employment to be fairly shared, Mr Murray told a TUC conference on reduced working time.

"There is a trade-off here. It is a trade-off between incomes and jobs. Not cuts in pay in return for shorter hours. We reject that. But workers choosing between pay increases alone or smaller pay increases with shorter hours. We have got to get the balance right.

"It is also crucial that trade unionists should be fully informed about the issues and about the options available to them. And of the implications of their choices for them and for other workers, and for those who have no job at all. That requires leadership and I do not deny that the job is difficult.

Mr Murray's remarks are likely to be contentious in some quarters, especially among left-wingers—indeed he drew a swift rebuke from Mr Arthur Scargill, president of the National Union of Mineworkers, who said: "I do not believe in the argument that we should refrain from pressing for wage increases for a cut in the working week." Mr Scargill called for a general ban on overtime to take 2m people off the dole.

The TUC leader's comments will be seen in the context of talks on new jobs going on within the forum of the National Economic Development Council between the TUC, the Confederation of British Industry and the Government. The Government has already indicated, in a paper to the council in December, that a choice must be made between working time cuts and higher incomes.

Officials have already identified the lower working hours/lower pay/more employment equation as the most fruitful ground on which to build the framework of a possible agreement, though Mr Scargill's reaction yesterday shows that it will be difficult to reach agreement with the unions.

TUC sets scene, Page 4

Continued from Page 1

Howe

Sir Geoffrey was not in the House when, three hours later, Mr Michael Cox, the Opposition Chief Whip, referred to the television company's denial.

He suggested that the Foreign Secretary had "misled the House by inadvertence" and called on him to make a further statement on the matter on Monday.

Amid Opposition cries for Foreign Secretary's resignation, Mr David Wigley (Plaid Cymru, Caernarvon) stressed how he had "rested heavily" on the "supposed apology."

He protested: "Either in this case Thames Television is telling lies, or lies are being told by other people."

David Brindle adds: Civil Service unions were yesterday content to let the GCHQ row continue under its own political momentum. They were clearly delighted that the Government appeared to be tying itself into further knots with little effort on their part.

Mr Peter Jones, secretary of the Council of Civil Service Unions, said: "This combination of bribery and threats shows that Sir Geoffrey cares little for Civil Service industrial relations. The whole episode is a unique mixture of ineptitude and brutality."

R-R Continued from Page 1

General Electric in a Commons written reply yesterday.

Rolls-Royce had sought Government approval but no state financial aid for its proposed links with General Electric. The Government had not insisted on the partnership as a condition for Government approval of Rolls-Royce's involvement in the V2500 project. "There is absolutely no question of the Government laying down conditions," Sir William said.

The agreement with General Electric completes Rolls-Royce's coverage of the market for aero engines in a thrust power bracket ranging from 25,000 pounds of thrust to over 60,000 pounds. This embraces three main sectors of demand from aircraft makers—at 25,000 pounds, 40,000 pounds and 60,000 pounds thrust.

The agreement also brings Rolls-Royce into partnership with all its U.S. competitors in the medium to large aero engine sectors. Pratt & Whitney, the other large U.S. manufacturer, is an equal partner with Rolls-Royce in the recently formed International Aero Engine company, in which both companies have 30 per cent stakes.

The memorandum of understanding reached between Rolls-Royce and General Electric calls for General Electric to participate in the Rolls-Royce RB 211 535E4 engine. This 40,000-pounds thrust engine will enter service for the first time later this year, on the Boeing 757 high-density, narrow-body airliner.

General Electric does not have an engine to compete with the Rolls-Royce 535E4 engine. "By joining this programme, General Electric will strengthen the marketing of the 535E4 engine, particularly in the U.S., and its future development," Sir William said. The agreement signals General Electric's re-entry into the medium engine market, which it pulled out of some years ago.

At the same time, Rolls-Royce is to take part in the General Electric programme to develop the GE CF6-80C2 engine. This is a high power turbofan engine. It has the potential to be increased in power to up to 62,000 pounds thrust, making it the most powerful aero-engine in the world.

General Electric has four partners in the CF6-80C programme, Snecma of France, Volvo of Sweden, MTU of Germany and Fiat Aviazione of Italy, which together have a 20 per cent share.

Rolls-Royce and General Electric will each keep control of their respective engine programmes and will work on the "development and component manufacture of the other's engine," Sir William said.

"In time we will incorporate technical advances in each other's engine and later we will be able to develop new derivative engines on a joint basis as the market demands."

Tebbit to complain of U.S. data curb

By Christian Tyler, World Trade Editor

THE U.S. is needlessly blocking the flow of commercial and scientific information to friendly countries, according to the Department of Trade and Industry.

Complaints from British companies that important conferences are increasingly restricted to U.S. nationals have prompted Mr Norman Tebbit, the Trade and Industry Secretary, to raise the issue when he visits Washington next week.

President Ronald Reagan's administrative efforts to plug the leak of militarily useful technology to Warsaw Pact countries have already caused concern in U.S. academic and scientific circles. But this is believed to be the first time that an allied Government has seen fit to protest.

According to Whitehall, the U.S. Commerce Department, acting on the advice of the Pentagon, has barred outsiders from meetings even when the technologies under discussion were not covered by North Atlantic Treaty Organisation controls.

Mr Tebbit is expected to object that unless information is officially classified it should be freely exchanged. He will say that such controls conflict with the Administration's declared interest in liberalising international trade in high technology.

The Secretary of State's main purpose in Washington will be to remind the Administration of West European concern about recent, and possible future protectionist measures.

He will also repeat the Government's strong objection to what it sees as the extra-territorial impact of some U.S. laws.

In particular the U.S. Commerce Department will be asked to rescind a regulation that requires British companies to seek U.S. licences when selling advanced American computers to customers in the UK. This example of extra-territorial control was brought to light by a recent circular from IBM (UK) to 30 leasing companies.

A separate team of Whitehall officials will be in Washington next week in an attempt to settle the conflict between U.S. law and British sovereignty.

This became acute during the attempted U.S. embargo on equipment that European companies contracted to supply for the Siberia-West Europe gas pipeline.

Continued from Page 1

BAT

has fallen from 41,000 in 1974 to 30,000 today and manufacturers fear further job losses if taxes on cigarettes rise by more than the rate of inflation. At best they have asked the Chancellor to freeze taxation on cigarettes in this year's Budget.

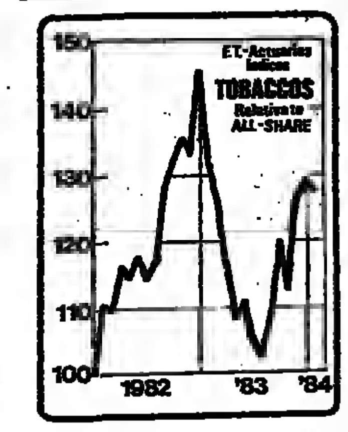
BAT shares closed at 190p yesterday, down 1p on the day.

THE LEX COLUMN

BAT rolls up its UK brand

Equities were back into their stride yesterday, given a bit of a kick from Wall Street, and with a particularly sharp turn of speed from recovery stocks such as TI. But the Government Broker ensured that not everyone in the market would go home happy when he tripped up the calculations of gilt edged dealers by throwing out a longish full-sized conventional tap (9¾ per cent, 1998) of a kind which the market had all but forgotten. The Government was evidently so keen to fund that it was prepared to offer stock around half a point cheaper than the market. Yesterday afternoon, at least, the market's initial response was to drop pessimistically almost into line with the new tap.

Index rose 8.3 to 832.4



Tobacco

BAT's decision to enter the UK insurance industry showed eloquently enough what it thought about the long term prospects for tobacco. But the view was given an unexpectedly sharp twist yesterday by BAT's announcement that it was pulling out of the UK cigarette market—a battleground where it has spent roughly £100m since 1978 trying to dig itself in.

The retreat must involve loss of face, although the scale of this embarrassment is limited to about 1 per cent of BAT's total sales of cigarettes, and there will be an immediate consolation in the improving revenue account. The stock market is in any case taking the move as some indication that BAT is more willing to take decisive action when necessary. The cigarette market will relish the absence of some rogue pricing in the cheaper brands.

The rest of the UK cigarette industry apparently has little to complain about for the moment. This week, Gallaher announced that its trading profits from tobacco rose 13 per cent to £74.2m during 1983, thanks in large measure to a 10 per cent gain in volume.

Gallaher's performance was admittedly exception. In a flat market, it added between two and three points of market share with only a fractional loss of trading margin. Imperial Group, which has been emphasising margin protection under its new management, may have lost out slightly but most of Gallaher's gains have probably been at the expense of BAT and Rothmans.

Gallaher's premium brands, Benson and Hedges and Silk Cut, have evidently fended off attack from cheaper cigarettes—such as BAT's Ardath brand—at a time when the growing clout of the retail multiples and the threat of imported generic cigarettes had created some apprehension within the industry.

The next hurdle facing the tobacco companies is the March Budget. The general assumption is that the Chancellor will opt for a duty increase roughly in line with inflation—equivalent to between 3p and 4p per pack. He is doubtless mindful of the experience of 1981, when a two-stage duty increase totalling 17p per pack had hardly any impact on revenues because of a subsequent 10 per cent drop in consumption.

The industry has in any case taken precautions. Imperial, the clear price leader, added 2p to a pack in October and a further 2p later last month. The Imps moves, which have been swiftly followed by the rest of the industry, were justified on the grounds that raw material costs had been forced up by the strong dollar. Almost certainly, however, the net effect has been a widening of margins.

The industry's main theatre of war—and probably the biggest threat to margin—is the longer length cigarette which has captured over 10 per cent of the market in short order. The danger for all the companies is that they will cannibalise their existing brands with a product which is more costly to produce but often sells at a discount.

BHP

Broken Hill's interim figures to end-November show how much it has won from the Australian Labor Government's steel support plan, but also how much it stands to lose should the Government's latest offensive, the Resource Rent Tax (RRT), get onto the statute book.

BHP has lately been set free to follow the example of steel producers elsewhere in the world, and has been cutting back ferociously on capacity and manning levels. Unlike the U.S. producers, Australia's monopoly steel-maker is already in the black as a result; of the group improvement in net profit of A$151m, to A$282.2m, A$102m is attributable to the steel division's swing from loss to a A$38.1m profit.

The rest of the improvement comes from the oil and gas division, now making up two-thirds of group profit. BHP's oil production has been gushing ahead, with liftings of crude in the six months up 16 per cent to 35.4m barrels. In partnership with Exxon, BHP produces from the Gippsland Basin some 55 per cent of Australia's oil output, and the Jabiru find (due on stream in 1987) should pick up the running. In aiming to increase the total tax rate from oil producers through RRT, the Government has BHP firmly in its sights.

There is room for scepticism on RRT's chances of success. Despite the government's cautious start, with the proposed tax only to apply to offshore oil production, the state governments remain adamantly opposed to the loss of their royalty revenues, and the offshore explorers can always threaten to shift operations to potentially richer areas such as China and Indonesia. BHP is in any case taking out longer-term insurance with its purchase of coal producer Utah International — partly to be financed by yesterday's modest rights issue.

Jewellers

H. Samuel cannot be cast as a classic white knight—after all, James Walker has not received an unwelcome bid yet. But clearly Cecil Gee, which picked up a 14.5 per cent stake last month, is wearing black armour as far as Walker's management is concerned. If they felt threatened, and the interim announcement this week read more like a defence document, it is not surprising that they have welcomed an ambassador from rival High Street jeweller Samuel. The respective founding families have been friendly for generations.

If these talks are anything other than a response to possible outside predators, the timing looks odd. Recession and poor marketing have combined to crush the sector's profits in recent years. Samuel itself has seen its return on capital melt from over 30 per cent to a little over 6 per cent within four years. The recovery is now under way, yet it is surprising that Samuel's new management would want to tackle Walker's problems as well.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Acsis Jewellery	33	+ 5	Prudential	520	+ 20
Aspinall	145	+ 10	Rolfe & Nolan	173	+ 10
Assd Brit Ports	278	+ 9	Scan Data	100	+ 25
Bensons Crisps	140	+ 20	Stakis	110	+ 7
Bio-Isolates	110	+ 10	Std Tele & Cables	284	+ 10
Broken Hill Prop.	915	+ 33	TI	314	+ 12
Gee (Cecil)	138	+ 9	Walker (Jas) N/V	114	+ 9
GEC	192	+ 6	Weeks Australia	35	+ 6
Hawker Siddeley	416	+ 10	Jo'burg Coos	£90	+ 5
Hong Robinson	175	+ 7	RTZ	687	+ 24
LWT A N/V	228	+ 10	Seltrust	82	+ 5
Mersey Docks	56	+ 6	Sons of Gwalia	45	+ 6
Milbury	85	+ 9	FALLS		
Minster Assets	140	+ 8	Ingram (Harold)	403	− 32
Norfolk Capital	47	+ 4	Vaux Breweries	216	− 7
			Atlantic Resources	383	− 22

WORLDWIDE WEATHER

UK today: Cloudy with rain at times; mild temperatures. Weekend outlook: Colder with wintry showers.

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	14	57	Dallas	C	0	32
Algiers	C	13	55	Dublin	F	7	45
Amsdm	R	7	45	Dbrvnk	C	12	54
Athens	S	14	57	Edngh	F	7	45
Bahrain	S	18	64	Faro	S	16	61
Barclna	F	13	55	Florence	S	12	54
Beirut	S	20	68	Frankft	R	6	43
Belfast	R	7	45	Geneva	F	8	46
Belgrd	F	6	43	Gibrltr	S	15	59
Berlin	C	8	46	Glsgw	F	7	45
Biarritz	S	18	64	Gmsey	C	10	50
Bmghm	R	11	52	Helsnk	Sn	−4	25
Blackpl	S	7	45	H Kong	C	12	54
Bombay	S	27	81	Innsbrk	S	3	37
Bordx	C	10	50	Invrnss	C	5	41
Boulgn	R	9	48	IoMan	R	7	45
Bristol	S	11	52	Istanbul	C	5	41
Brussels	R	6	43	Jersey	R	8	48
Budpst	[illegible]	[illegible]	[illegible]	Jo'burg	F	22	72
Cairo	S	20	68	L Pims	C	19	66
Cardiff	S	9	48	Lisbon	C	14	57
Cape T	S	30	86	Locarno	F	13	55
Chicgo	C	−1	30	London	R	12	54
Cologne	R	6	43	L Angl	F	12	54
Cpnhgn	R	3	37	Luxmbg	R	2	36
Corfu	F	12	54				

	Y'day midday	°C	°F		Y'day midday	°C	°F
Madeira	[illegible]	[illegible]	[illegible]	Perth	S	28	82
Madrid	C	8	46	Prague	F	4	39
Majorca	S	14	57	Rykvk	C	2	36
Malaga	S	15	59	Rhodes	S	18	64
Malta	S	17	63	Rio J'o	F	29	84
M'chstr	F	8	46	Rome	[illegible]	[illegible]	[illegible]
Melbne	S	23	73	Salzbrg	F	5	41
Mx Ct	S	20	68	S'ciscot	C	8	46
Miami	C	20	68	Singapr	[illegible]	[illegible]	[illegible]
Milan	F	11	52	Stckhm	Sl	1	34
Montrl	Sn	−1	30	Strsbg	F	8	46
Moscow	S	−9	16	Sydney	S	28	82
Munich	S	6	43	Tangier	S	13	55
Nairobi	S	27	81	Tel Aviv	C	19	66
Naples	S	15	59	Tenerife	F	18	64
Nassau	S	24	75	Tokyo	C	5	41
Nwcstl	R	7	45	Toronto	S	4	39
N Delhi	[illegible]	[illegible]	[illegible]	Tunis	C	13	55
N York	S	−1	30	Valencia	F	13	55
Nice	S	13	55	Venice	S	10	50
Nicosia	S	18	64	Vienna	C	3	37
Oporto	S	12	54	Warsaw	Sl	1	34
Oslo	Sn	1	34	Zurich	F	6	43
Paris	R	7	45				
Peking	C	13	55				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.